



Kurt Biedenkopf... bouncing back

Biedenkopf returns to CDU front rank

BY RUFERT CORNWELL IN BONN

SOME MAY be delighted, others not least among them Chancellor Helmut Kohl, may feel rather differently. But on one thing there is no argument: the "professor" is back, and in some style.

In Dusseldorf last weekend Mr Kurt Biedenkopf was triumphantly elected, by a 91 per cent majority, to be the first chairman of a unified Christian Democrat (CDU) party in North Rhine-Westphalia, the most populous, most industrialised and, in electoral terms most important, state in West Germany.

His success not only places the combative 56-year-old Mr Biedenkopf in the front rank of the ruling CDU, in theory at least the controller of no less than a third of the delegates to annual party conferences, it also seals one of the country's more notable political comebacks of recent times.

Just two years ago, Mr Biedenkopf seemed a man with a bright future behind him. A swift ascent through the party hierarchy had elevated him between 1973 and 1977 to general secretary of the CDU, and to most people's short-list of possible chancellors.

But his didactic bent—gained from stints at Frankfurt and then Bochum Universities—coupled with his inability to hide a considerable and undisputed intelligence beneath a bushel of modesty, was not to everyone's taste. It was least of all to that of Mr Kohl, who in 1976 had become leader of the CDU/CSU opposition in the Bundestag to the then Social Democrat government of Helmut Schmidt.

Curiously, the two were born in 1930 within three months of each other, in Ludwigshafen on the Rhine. Temperamentally, though, they are as different as chalk and cheese and were bound to clash. In early 1979, Mr Biedenkopf made the error of circulating a memorandum demanding Mr Kohl's replacement, and then of supporting the claims of Mr Franz Josef Strauss, leader of the Bavarian CSU, to fight the federal elec-

tion of 1980 against Mr Schmidt. In the event, Mr Strauss did fight it—and lost. But Mr Biedenkopf, suspected of having little at heart beyond his own prospects, paid a heavy price by largely forfeiting the trust of his own party.

The summer before he had suffered the indignity of winning re-election as head of the CDU in Westphalia—enemy rather than ally of the party's parallel organisation covering the North Rhine half of North Rhine-Westphalia—by a meagre 60 per cent of the vote. His future darkened still further, if possible, when Mr Kohl became Chancellor in 1982.

Provocative Biedenkopf ideas could still enliven a somewhat humdrum CDU policy landscape. It is true, but in 1984 Mr Kohl attempted to rid himself of Mr Biedenkopf for good by proposing him for the job of president of the EEC Commission in Brussels. The effort failed—to the present gain of his rival.

His chance came, ironically, with the CDU's electoral disaster in North Rhine-Westphalia last May, when its record low score of 36.5 per cent was largely blamed on the party's dismal organisation, split as it was between two competing power centres. A merger could be delayed no longer and in the arduous, sometimes angry, negotiations, Mr Biedenkopf by common consent did not put a foot wrong.

Mr Biedenkopf aims to be back in the Bundestag after the federal election of 1987, although he will remain chairman of the CDU in North Rhine-Westphalia until 1988. First though, he has to help the Chancellor win next year—something which suddenly seems rather less certain than it did a few weeks back.

If the CDU-led coalition is to succeed, it must recoup the 1.7m votes lost in 1985 in North Rhine-Westphalia, whose Premier happens to be Mr Johannes Rau, the SPD opponent of Mr Kohl for the chancellorship. If it fails, it may not just be Mr Kohl who pays the price.

Spain to vote today on Nato membership

By David White in Madrid

AFTER A debate that has divided families and created tensions in political parties, Spain today holds its long-promised referendum on Nato, which could lead to withdrawal from the alliance.

If it did, Spain, which was the last country to join in 1982, would become the first to abandon the organisation since its foundation in 1949.

Despite the heat of the campaign, which ended on Monday night to leave room for the traditional "day of reflection," abstention among the 23.5m eligible voters is expected to be high. The main right-wing Popular Alliance party, which advocates full Nato membership, is maintaining its boycott of what it regards as an unnecessary ballot.

The last opinion polls mostly showed an anti-Nato majority among committed voters but left a substantial undecided margin.

About 18,000 meetings have been held throughout the country during the campaign, including 7,700 by the ruling Socialists, who have moved from their previous opposition to support for maintaining Spain's status quo in Nato.

Mr Felipe Gonzalez, the Prime Minister, made a triple bid to swing the vote in the closing hours of the campaign on Monday night, appearing at a Socialist rally, on television and in a radio interview. His final TV broadcast, in which he warned about the "uncertainty" which an anti-Nato vote would create, went to extremes to promote Mr Gonzalez's image as a statesman, presenting him next to a Spanish flag, carefully adjusting to show the crown, and showing film clips of conversations with European leaders.

Pressure groups wage battle of manifestoes

By Our Madrid Correspondent

IN THIS corner, Librarians for Peace and Disarmament. In the other corner, Port Managers for Nato.

A to-and-fro battle of manifestoes for either "yes" or "no" to staying in Nato occupied the advertising pages of Spanish newspapers up to yesterday, when campaigning was suspended. As middle-of-the-road political parties stood back from committing themselves on the referendum, pressure groups of all kinds took over.

Librarians, archivists and museum curators, neighbourhood associations, security functionaries, 481 Madrid economists; and a long list of writers, actors, lawyer, doctors, architects, teachers and a bull-fight promoter all published petitions for a "no" vote. In Andalusia, a group of priests sent a manifesto to local papers in favour of "no."

On the other hand there were the "Andalusian Mayors for Yes," backed up by Andalusians for Yes," a collection of flamenco dancers, poets, painters, musicians, farmers, football players and matadors. There were also "Youth Association Leaders for Yes," and "Company Directors for Yes" (most of the signatories, however, coming from the state sector, a lot of them Socialist political appointees).

Anti-Nato politicians, including dissident Socialists, started the contest last autumn. Anti-Nato intellectuals brought retorts from pro-Nato intellectuals. Including Mr Severo Ochoa, Spanish-American Nobel prizewinner in medicine. Outsiders also joined in. A "declaration of US citizens on the referendum," signed by Rev Jesse Jackson, Mr Daniel Ellsberg (of Pentagon Papers fame), and others including several veterans of the Abraham Lincoln Brigade, was fairly non-committal, backing a nuclear ban and cuts in US forces, and urging the Government to respect the result.

Meanwhile, from West Germany came a call for a "no" vote in an advertisement headed "the referendum affects us, too," signed by numerous professors, a handful of doctors, a prison governor and a retired pastor.

Paul Betts reports from Chatelleraut on the Socialist minister's energetic campaign

Cresson tries to swim against the tide



campaign managers less anxious

THERE ARE large ebbs in the stone facade of Chatelleraut's town hall and rising damp is visible on the first floor. Straits have also begun to show on Mrs Edith Cresson, mayor of this small provincial town in central France and the popular Socialist Minister of Trade and Industry.

The last days of the French general election campaign have been hard even for such an energetic woman. To make matters worse, she caught influenza after a hectic visit to New York where she had a final fling selling French exports to America.

But a high temperature has not stopped her criss-crossing the melancholy countryside of Poitou-Charantes into which she was parachuted by the Socialists 10 years ago to try to whip up support for her party's cause. It has been an uphill struggle. At local campaign meetings she has had to argue, like other Socialist candidates, that the election has not necessarily been lost yet to the Right.

Among many Socialist voters, however, there is a distinct feeling that the end of the longest period of Socialist government in France is near. There is a similar sentiment evident among government officials. Aides of Mrs Cresson, like those of other Socialist ministers, have appeared unusually absent minded in recent days, preoccupied with looking for other jobs and preparing to clear out to make way for the next regime.

At local election meetings, Mrs Cresson has had to exert all her talents as an orator and her considerable personal charm to motivate voters. On Saturday evening, for example, at Le Blanc, another provincial market town like Chatelleraut, she had to speak for more than an hour to transform the timid applause at the beginning into the sort of din which makes

Charentes, led Mr René Monory, the former Economy Minister known locally as "le shérif" because of his tough leadership style, the opposition has been pressing where it hurts the Socialists most—on the issue of unemployment.

As elsewhere in the country, unemployment has been the dominant issue of the campaign in this largely rural region. Although it has suffered far less than the old industrial regions of the north, unemployment has grown by about 30 per cent around Chatelleraut since 1981.

For this reason, Mrs Cresson would not have missed a visit last Tuesday to the nearby Hol-

about half a dozen Socialist ministers who are generally credited with having done "a good job" even by many critics of the Left.

She has featured prominently in her party's latest poster campaign showing members of the government and urging France to continue backing what the Socialists call "a winning team." In the same vein, Mrs Cresson's campaign speeches have underlined the Government's social and economic achievements backed by the recent string of encouraging economic figures for trade, investment and inflation.



Edith Cresson... showing the strain.

At local campaign meetings she has had to argue, like other Socialist candidates, that the election has not necessarily been lost yet to the Right. She has had to exert all her talents as an orator and her considerable personal charm to motivate supporters. But among many Socialist voters there is a distinct feeling that the end is near for the longest period of Socialist government in France. There is a similar sentiment evident among government officials who are preparing to make way for the next regime.

Locally, the opposition, which has sought to make the most of the Socialists' failure to halt unemployment, has tried to counter Mrs Cresson's strong local standing (she was the only Socialist to capture a town of more than 30,000 people from the Right in 1983 when she became mayor of Chatelleraut) by proposing a high-technology initiative for the region.

Mr Monory's project is called "Futuroscope" and has been at the centre of the Right's local campaign. The scheme envisages the construction in the Poitiers area of a French version of Walt Disney's Epcot centre in Florida. Like that, it would feature a science park showing off the technologies of the future.

Wounds caused by the collapse of the Union of the Left two years ago are still gaping. However, with only a few days to go before Sunday's vote, Socialist campaigners in Poitou-Charantes seem to be gaining last minute confidence that the gap between Right and Left may be shrinking.

"From the beginning, even at the local level, this election has been seen as a dress rehearsal for the next presidential election, campaign," said Mr Claeys. "The three leaders of the Right—Chirac, Giscard and Barre—have been manoeuvring to enhance their presidential chances in 1988. This battle in the Right has in turn enhanced President Mitterrand's image and own chances."

Indeed, in past weeks, Mr Mitterrand's popularity has been rising in public opinion polls. "This is why I think there could be some surprises," added Mr Claeys.

The opposition is hoping to win three of the Poitou-Charantes region's four seats in the National Assembly. The Socialists would like to win two and have argued forcefully with Communist voters not to sabotage the Left's chances by "throwing away" votes on Communist candidates with little hope of winning seats. However, the Socialists' former partners in government seem extremely reluctant to operate—especially since the

CHOP.

Chop chop goes the lumberjack. Knocking trees into pulp to make paper. Paper for this and paper for that.

(Chop chop.) Soon, you won't see the forest for all the trees that aren't there.

But Eka Nobel knows a way to save trees, to cut costs.

(Chop.) Our technique for making paper, using chemicals and fillers, doesn't require as many trees.

Every other tree is left alone. Still, there's no drop in paper quality.

Ecology and economy become synonymous.

Which is the kind of synthesis we're looking for at Nobel Industries Sweden. Scientific endeavours, we believe, are ultimately judged by their practical results.

It may not sound like much of a philosophy. But it works.

Nobel Industries Sweden

Nobel Industries employs 18,000 persons worldwide. We work in the fields of industrial and forest chemistry, biotechnology and defence technology.

P.O. Box 16397, S-10327 Stockholm, Sweden. Telephone +468 1039 10

AIR CALL MOBILE PHONES

TALK TO ME!

Air Call keeps people in two-way contact, on the move. With Air Call Mobile Radio, radio has never been so simple, so affordable. With Air Call Cellphone, you've the best of both new worlds—a choice of Cellnet or Vodafone.

For one-way communication, Air Call beepers go where you go, in your pocket.

And behind all the hardware? The most comprehensive and sophisticated range of communications support services you could wish for. Telephone answering and message handling, call forwarding, action reminders, appointment-making, and more. And your calls are answered by real people—not machines. Being on Air Call is like having a PA at your service, round-the-clock.

Don't just be on air—be on Air Call. Phone 01-200 0200 today!

NILFISK

THE WORLD'S LARGEST MANUFACTURER OF INDUSTRIAL AND COMMERCIAL CLEANERS

Box 25, Bury St. Edmunds (Suffolk)

OVERSEAS NEWS

Mahathir denies wrongdoing in bank scandal

BY CHRIS SHERWELL AND WONG SULONG IN KUALA LUMPUR

DR MAHATHIR MOHAMED, the Malaysian Prime Minister and his two most senior Cabinet members yesterday denied any implication of wrongdoing suggested by a report investigating losses of \$82.26bn (6522m) by the state-owned Bank Bumiputera...

Chinese visit to Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

CHINESE President Li Xian-nian arrived in Colombo yesterday from Dhaka on the second leg of a five-nation tour. He is the first Chinese leader to visit Sri Lanka since Premier Chou En Lai came here in 1964...

S. African police fire on school children

By Anthony Robinson in Johannesburg

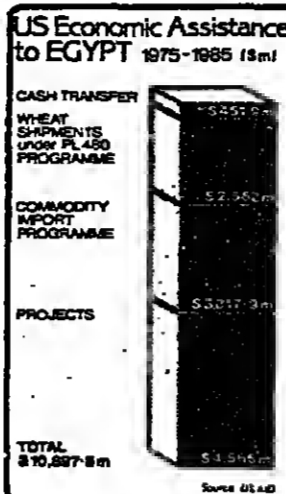
SOUTH AFRICAN police yesterday opened fire with birdshot on a crowd of several thousand schoolchildren outside a court house at White River in the Eastern Transvaal...

Mr Mahathir also says that he did not know Mr Tan personally and that the United Malays National Organisation which dominates the ruling coalition Government, received no money from Mr Tan and his company...

US releases \$150m aid to Egypt

BY TONY WALKER IN CAIRO

THE US is releasing \$150m of aid money allocated to Egypt to hold up payment because of disquiet about lack of progress towards economic reform. The decision to release the cash coincided with a visit to Cairo this week by Mr Richard Murphy, the US Assistant Secretary of State for Middle East Affairs...



"One of our big efforts here is to persuade them they've just got to open up more to private enterprise and this means their own private enterprise first," said the official. "The government has got to get out of the business of producing consumer goods..."

Taiwan protests change of name

By Robert King in Taipei

TAIWAN yesterday strongly protested against the Asian Development Bank's decision to rename its delegation Taipei China at the same time it admitted China as a full member of the organisation...

Fears grow for Saudi currency

BY KATHY EVANS IN KUWAIT

THE DELAY in publication of Saudi Arabia's budget will depress local private-sector confidence and increase fears of a devaluation in the rial, said bankers and diplomats in the kingdom yesterday...

Koreans mount peaceful protest to urge reform

By Steven B. Butler in Seoul

SOUTH KOREA'S political opposition yesterday took to the streets by the thousands in an unprecedented peaceful demonstration for constitutional reform...

AMERICAN NEWS

Soviet Union warns of danger to summit

BY DAVID BUCHAN IN MOSCOW

THE Soviet Union yesterday protested formally against the US demand that it cut by 100 its diplomatic staff at the United Nations in New York over the next two years, and warned that the move could jeopardise the next superpower summit...

might not attend this year's planned follow-up meeting in the US to last November's Geneva Summit, unless concrete progress was achieved in disarmament...

large presence—too large, the US claims—in New York. The US has complained that the three delegations of the Soviet Union, the Ukraine and Byelorussia (all of which are seated at the UN) are larger than those of the next two biggest national delegations combined...

UNITED AIRLINES has solved a bureaucratic hitch that had kept it from operating regular flights from China on a route purchased from Pan American World Airways, United said yesterday, AP reports from Peking...

Senate may consider bank reform legislation

By Our Washington Staff

SENATOR Jake Garn, chairman of the US Senate Banking Committee, said yesterday he was planning to reintroduce banking reform legislation into Congress perhaps as soon as next month...

White House asks Congress to approve Saudi arms deal

By Stewart Fleming in Washington

THE Reagan Administration yesterday asked Congress to approve the sale of \$345m (253m) worth of advanced missiles to Saudi Arabia, but the deal ran into opposition...

Peru to buy fewer Mirages

By Doreen Gillespie in Lima

THE FRENCH Government has agreed to allow Peru to reduce its order for 26 Mirage aircraft with Marcel Dassault Aviation Company of France without collecting penalties, according to Mr Allan Wagner, Foreign Affairs Minister, who was in Paris last week...

Ecuador leader says troops will surround rebel's base

By Our Staff in Quito

PRESIDENT Leon Febres Cordero of Ecuador has postponed the deadline for his rebel former armed forces chief to surrender but warned that government troops will surround his base at dawn today, Reuters reports from Quito...

United to fly from China

By Our Staff in Peking

UNITED AIRLINES has solved a bureaucratic hitch that had kept it from operating regular flights from China on a route purchased from Pan American World Airways, United said yesterday, AP reports from Peking...

Canadian bank regulator quits

By Our Staff in Ottawa

CANADA'S chief bank regulator has taken early retirement amid widespread criticism on official supervision of the banking industry following last year's collapse of two Alberta institutions and financial difficulties experienced by several other small banks, writes Bernard Simon in Toronto...

Arms negotiator resigns

By Our Staff in Washington

FORMER US Senator, John Tower, has for personal reasons submitted his resignation as a US arms control negotiator, and President Ronald Reagan will accept it, White House spokesmen said yesterday, AP reports...

Panama meets creditors as anger over austerity grows

By Our Staff in Panama

CASH-STRAPPED Panama is holding crucial talks with its creditors this week as protests spread over austerity measures agreed on by the Government to secure financial relief, Reuters reports from Panama City...

Arms negotiator resigns

By Our Staff in Washington

FORMER US Senator, John Tower, has for personal reasons submitted his resignation as a US arms control negotiator, and President Ronald Reagan will accept it, White House spokesmen said yesterday, AP reports...

Hand Delivery Service, Cannes/Grenoble/Lyon/Monaco/Nice/Paris/Toulouse, Your subscription copy of THE FINANCIAL TIMES can be hand-delivered to your office in any of the cities listed above. For details contact: Ben Hughes, Tel: 01 4297 0630, Telex: 220044

Integrating business systems will take time, but in the end you'll see the benefits.

Open the pages of any business newspaper (this one is no exception), and one word will undoubtedly meet your eye.

Integration.

Unfortunately, you're going to have to look somewhat harder, to see what your company will gain from this 'new communications revolution.' You'll have to delve a little deeper for the facts.

The point is, in addition to picking up the telephone, many more office workers are learning to use computers. They're becoming familiar with all manner of electronic office equipment.

Manufacturing is becoming much more automated.

Finding the right support for a weighty problem.

Methods of collecting information, sharing it with colleagues, agreeing business plans and forecasts, are neither efficient enough, fast enough or clever enough, to cope with all the data now available.

But neither is it good enough, just to talk about the need to integrate telephones with computers and word processors.

"All your company needs is a Local Area Network, Sir!"

Not necessarily. There are no simple answers. Some equipment, some of you may

have already discovered, just will not integrate. Small wonder then that some workers are more than a little reluctant to change the way they work.

This is where we come in. At ITT, we recognise the enormity of the task.

We've been dealing with this problem long enough to realise that proper integration, real interworking, will take time.

That doesn't mean you can't start this minute.

ITT have already developed a broadly based range of hardware and software. It's called OFFICE 2000.

The name might not mean a lot now, but the idea will.

OFFICE 2000 (our word for information management), aims to provide a system, whereby any future equipment will interwork, and be compatible with the equipment you've already got. (Good news for the Financial Director, bad news for the used equipment dealer.)

Your present equipment, wired for the future.

An attractive proposition. But the real beauty is you'll have far more productive use of all your electronic office equipment.

You can distribute information faster.

You can cut out unnecessary meetings.

You can have electronic mailboxes to leave messages for all those colleagues who are always out. And you'll be able to involve more of those colleagues for better, and

consequently more innovative, decision making.

All this means increased efficiency. Which means increased productivity. Which means increased profit.

"Sounds good in theory, but why should I choose ITT to put it into practice?"

Billions in investment and a wealth of experience.

With a hundred years in telecommunications and information management worldwide, we've had plenty of practice.

And isn't it better to use a communications based company for a communications problem, than a data processing firm?

OFFICE 2000 is the result of ITT's \$1 billion a year investment into research and development.

Proof enough of a real commitment to this area, and the resources to supply the service well into the 21st century.

Right now though, all we're asking you to invest in is the price of a postage stamp, for our OFFICE 2000 information pack.

But send for it now.

The sooner your information management is integrated, the sooner you'll enjoy the advantages.

To: Office 2000, ITT Europe, Avenue Louise 480, B-1050 Brussels, Belgium.

Name _____ F6 Title _____

Company _____

Address _____

Tel: _____

OFFICE 2000
INFORMATION MANAGEMENT





LET BLUEGREEN*
FROM
BULL COMPUTERS
HELP INCREASE
YOUR PRODUCTIVITY.

In any business, everyone should have free access to the information they need, merely so that the business runs smoothly.

Otherwise, productivity itself can suffer.

This is why BULL has introduced BlueGreen, now being presented at the Hannover Fair 86.

BULL is one of the leading European manufacturers of distributed information processing and office automation systems. BULL provides a genuine alternative in all the different areas of information processing.

And BlueGreen is the name we give to our new integrated approach to Information and Communication Solutions -I.C.S.-.

BlueGreen offers a wide choice of data processing, office automation and communication systems within a structure of communication networks complying with international standards.

With BlueGreen, each individual has access to the information wealth of the company. Which he can update, clarify, transform and circulate.

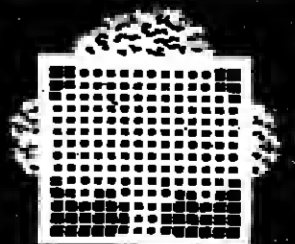
And enhance with his personal contribution as well as with information from outside the company.

These conditions, of course, are a breeding ground for an increase in productivity.

BULL. The tree of communication.

* BlueGreen is a trademark of Group BULL.

Bull



Democrats renew attack on 'unfair trade practices'

BY NANCY DUNNE IN WASHINGTON

BRAZILIAN and South Korean import barriers, markets closed to foreign telecommunications sales and EEC sugar subsidies have come under renewed attack in Congress by the Senate Democratic working group on trade policy.

The group has written to President Ronald Reagan asking him to investigate alleged unfair trade practices by the EEC, West Germany, South Korea, and Japan.

The Senators have already examined information provided by Dr Clayton Yentzer, US Trade Representative, and they want the Administration to negotiate an end to the alleged practices or to retaliate under Section 301 of the 1974 Trade Act.

When the President promised a more aggressive stand against "unfair trade" last autumn, the Trade Representative's Office initiated several unfair trade cases on its own. A spokesman at the Trade Office said the Democrats' case would receive serious consideration.

According to the group, EEC sugar subsidies "have broken

the back of the world sugar market, which has had a devastating effect on the efforts of the US to build up stable governments in the Caribbean Basin."

It says the subsidies costs these countries \$3bn a year (it makes no mention of the cost of the US sugar quotas), and asks that the US take the charges against the EEC to the General Agreement on Tariffs and Trade.

The Democrats, who are expected to make trade a major campaign issue in next November's Congressional elections, say complaints should also be pursued against:

- West Germany, Canada and Japan to open up their domestic telecommunications markets;
- Mexico for its unwillingness to protect US patents;
- Brazil for its barriers to the export business aircraft.

Negotiations began last week on the Administration's case against Japan for protection of its tobacco industry. The Administration is reported to have decided to drop its case against wheat subsidies.

Japan oil purchase pact with Iran breaks down

BY KATHY EVANS IN DUBAI

JAPAN'S counter-purchase agreement with Iran under which Japanese exports were tied to the amount of oil it purchased, appears to have broken down following the oil price collapse.

Under the agreement, Japan could export only 50 per cent of the value of its crude oil imports from the Islamic republic. The agreement was monitored by a co-ordination committee.

Last year, when Iran began experiencing severe foreign currency problems, letters of credit approved by Iran's Commerce Ministry experienced difficulties in approval at the Iranian Central Bank. The committee's activities subsequently became meaningless, said one Japanese trade official.

Japanese oil buyers are now resisting offers by Iranian oil officials to renew their term-contracts when they expire in April. The current contract requires the Japanese trading companies to lift 450,000 barrels a day, but since then, Japan has signed substantial contracts with Iraq.

During a recent visit to Tokyo National Iranian Oil Company officials were reported only to have offered net-

back deals based on Singapore. Japanese buyers were insisting that the spot prices of Dubai and Oman crudes be included in the calculations, which Iran has refused. The two Gulf crudes are reported to be selling between \$11 and \$12 a barrel, traders in the region said.

The Iranians are still insisting on the original terms of the deal, but Japanese trade officials say that with the foreign currency shortage, the data is not even being collected.

Japanese oil purchases have subsequently switched to Iraq, and purchases from the pipeline at Yanbu are running at 210,000 b/d. Negotiations are continuing over the price of the crude being lifted.

The Japanese say they would prefer to calculate the Iraqi oil price based on the spot valuations of Dubai, Oman and Saudi's Arab Light.

Difficulty has arisen, though, over how to assess the spot value of the latter crude, for Arab Light is not being traded in the spot market. The controversy over the formula has led the Japanese to reduce imports of Iraqi oil by 30,000 b/d in the quarter.

Belgium, Italy in key gas talks with Algerians

BY FRANCIS GHILES

SONATRACH, the state Algerian oil and gas monopoly, is engaged in key talks with its Belgian and Italian customers.

It is holding talks with Distrigaz, the Belgian company which should have been completed on January 1, on the price the Belgians will pay and the quantity of gas.

Talks are also under way with Ente Nazionale Idrocarburi (ENI) of Italy and negotiations are due to start with Gaz de France this autumn.

When the contract signed by Distrigaz 10 years ago came into force in November 1975, the Belgians bought 2.5bn cubic metres of gas from Sonatrach in the following 12 months, 1bn of which was ceded to Gaz de France.

Belgium still imports its gas through the French port of Montoire, near Nantes. The Algerian liquefied natural gas is re-gasified there, pending completion of the port and re-gasification plant at Zeebrugge.

The fob price of Algerian gas was \$4.8 per 1m BTU (British Thermal Units) in 1982 and now stands at \$3.8, (\$4.4 cif).

The initial contract stipulated that Distrigaz should buy 5bn cu metres of gas this year. The company is known to be seeking a new agreement on volume and price.

Like other European buyers of Algerian gas, Distrigaz feels

that a price indexed to a basket of eight Opec crudes is "uneconomic" when Opec's posted price is so far out of line with the price at which crude oil is sold.

ENI is due to complete negotiations with Sonatrach by the end of May. Last year, it overtook Gaz de France to become Sonatrach's largest foreign customer for Algerian gas.

It bought just over 12bn cu metres. The Italians pay an fob price which is equivalent to that paid by the French and Belgians. The gas, however, travels through the Trans-Mediterranean pipeline, thus saving Sonatrach the high cost of liquefaction and shipping.

The Italians are also much less keen to take the quantities they had undertaken to buy in future years, not simply on grounds of price but also because estimates of the country's natural gas reserves have been raised from 16 years of consumption to more than 20 years.

Gaz de France won a concession from Sonatrach 18 months ago which enabled it to reduce the amount of gas it purchased by about 10 per cent to 8.2bn cubic metres last year.

The French would dearly like to pay less but no negotiations are scheduled until later this year.

Philips defends megabit chip project

By Laura Raim in Amsterdam

A PHILIPS board member yesterday vigorously defended his company's project to develop the newest generation of microchips against claims that it was falling behind Japanese and US competition.

Mr Sjorg Van Houten told a microelectronics congress in Amsterdam that the Dutch electronics company would have samples of its new one megabit memory chip on the market at about the same time as other chip makers, in 1988, with commercial production to follow.

Philips is developing a sub-micron (smaller than one-one thousandth of a millimetre) Static Random Access Memory (SRAM) chip as part of the so-called mega project with Siemens of West Germany.

Mr Van Houten claimed that Philips was right on schedule with development of its one-megabit SRAM. But when the megaproject was launched in the autumn of 1984, Philips predicted it would begin pilot production this year. Now that will not happen until September 1988.

The Philips executive rejected reports that several companies including Toshiba and Matsushita of Japan would begin making samples of a one megabit SRAM as early as next year.

Manila to vet deals in anti-bribery drive

BY ALAIN CASS, ASIA EDITOR, IN MANILA

THE NEW Filipino Government is to vet all contracts involving public funds, whether they involve foreign or domestic companies, in a drive against corruption.

Many contracts will have to be submitted for vetting before being signed, probably those in excess of \$5m (£3.5m), and all deals will be scrutinised after closure.

The vetting will be done by the Commission on Audit, an existing body with wide powers to institute civil and criminal proceedings, which has been given a new mandate by Mrs Corason Aquino, the new President.

The commission's newly-appointed chairman, Mr Teofisto Guingona, said yesterday that his aim was "substantially to minimise kickbacks."

The commission is also investigating past contracts which may have been won by foreign companies by bribing officials in the regime of former President Ferdinand Marcos. "We will go after these people, past or future, and take whatever action is necessary," said Mr Guingona. "We shall also name them."

Mrs Aquino's Government has alleged that fortunes were made both by President Marcos and many of his close associates by taking bribes from foreign companies. The commission is investigating a report alleging that Mr Marcos received \$80m for awarding the \$2.1bn contract for the controversial Bataan nuclear power plant to Westinghouse of the US.

It also intends challenging Westinghouse in the courts over the original contract which, said

Mr Guingona, was defective. The plant "symbolises an extravagant waste. It was supposed to cost \$500m. It ended up costing over \$2bn."

One of the biggest sources of "anomalies"—the Government's euphemism for bribes—was what Mr Guingona described as inflating the price after the original contract was implemented.

Mr Guingona, a former president of the country's Chamber of Commerce and governor of the Development Bank of the Philippines, said yesterday, his first day in office: "Kickbacks have been responsible for retarding our economic growth. He said, however, that the job of his office was not to retard development but assist it. "You can assure companies that there will be no harassment, no delays and no unnecessary

bureaucracy." The amounts involved in the public sector are substantial and the new anti-corruption drive and audit is bound to have an effect, diplomats believe, on the ability of companies to deal with the Philippine Government. The public sector investment budget for the 1985-89 five-year plan amounts to Pesos 144bn (\$7.2bn).

William Hall in New York adds: Mr Robert F. Pugliese, Westinghouse's general counsel, said yesterday that "the claims are (against Westinghouse) not new. They have been thoroughly investigated by the US Government." He said the US Securities and Exchange Commission and the Department of Justice had investigated the allegations "and in neither instance was

Cockfield warns on EEC food standards

BY IVO DAWNAY IN BRUSSELS

LORD COCKFIELD, the EEC Commissioner for the internal market, has issued a stern warning to his colleagues that moves to establish new quality standards for pasta threaten to unravel a crucial element in the programme to break down barriers to intra-Community trade.

The food standards issue emerged last week when Com-

missioners representing Mediterranean member states voted to abandon legal moves against France, Italy and Greece over their requirements for pasta.

Last autumn, Lord Cockfield won Commission support for a new strategy on food policy aimed at speeding the removal of internal barriers to trade.

This ditched efforts to establish Community-wide definitions

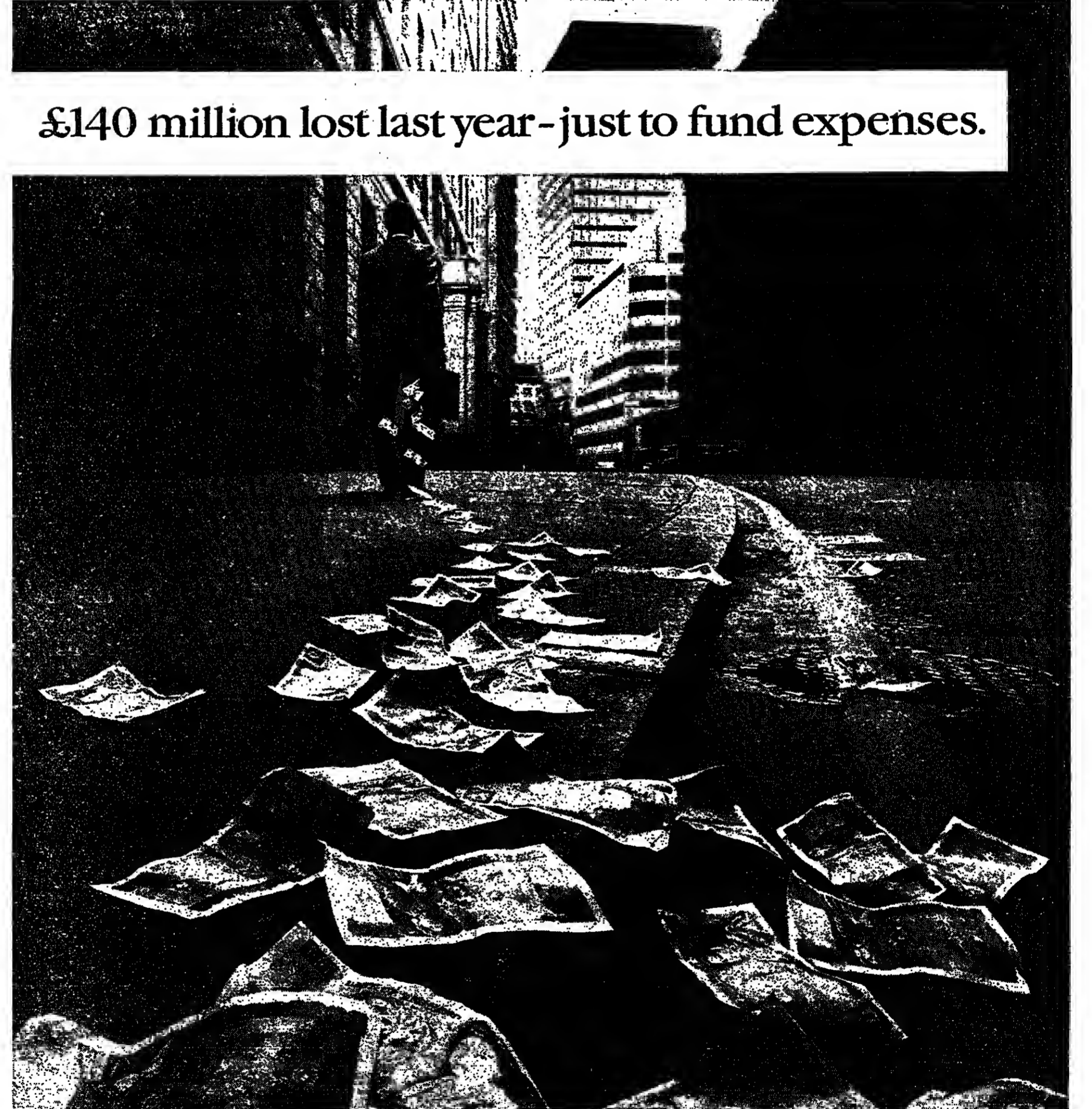
of food products—the exact recipe for beer, for example—in favour of a general liberalisation.

The policy proposed that in future all food that meets the necessary health and labelling standards would be saleable throughout the Community. By adopting such an approach, it was believed agreement could be reached by the end of this

Bonn resumes Polish credit

West Germany and Poland have agreed on the resumption of official German export credit guarantees for exports to Poland of up to DM 100m, Reuters reports from Bonn.

Mr Martin Bangemann, German Economics Minister, said the agreement on export credits, reached during a two-day meeting of the joint German-Polish economic commission, was made possible by Warsaw's progress in rescheduling its debt.



£140 million lost last year - just to fund expenses.

"I studied French for years but I still can't speak it."

For those who really want to speak a language.

- ★ Special total immersion and private crash courses
- ★ Private part-time tuition to suit your schedule
- ★ Semi-private courses for 3-4 people
- ★ Evening group courses—maximum 8 people
- ★ Coaching in French and German for "O" and "A" level students
- ★ English a speciality

Phone today for more information

BERLITZ

FRENCH, GERMAN, SPANISH, ITALIAN OR ENGLISH.

LONDON 01-580 6482 BIRMINGHAM 021-643 4334 MANCHESTER 061-228 3607

LEEDS 0532-435536 EDINBURGH 031-226 7198

Introduce the American Express Corporate Card System.

It's a sobering thought, but at any given moment last year, no less than £1,080 million* of British companies' money was in employees' hands as cash advances for travel and entertainment expenses.

The cost of providing these advances came to £140 million! Lost profits. Money that's simply disappeared.

The American Express Corporate Card System practically does away with cash advances. Expenses only need to be paid for after they've been incurred. In the meantime, the money's yours to use more profitably.

Your employees need very little cash because they have the American Express Corporate Card. They can sign for almost all their needs.

They use the Card. You get the control from knowing exactly who's spent what, where and when.

The American Express Corporate Card System provides greater efficiency in expense management together with real economics. Find out more about it. Contact American Express Travel Management Services. The division

of American Express that exists to help you plan, manage, and finance and operate your company's business travel with the maximum returns. And the lowest costs. *Source: Business Travel and Entertainment Expenses in Britain (1985).

To: Travel Management Services, American Express Europe Limited, 2/3 Cursitor Street, London EC4A 3IL. FT3/86

Please send me a full information pack on the Corporate Card and the American Express approach to more efficient business travel management.

Name _____

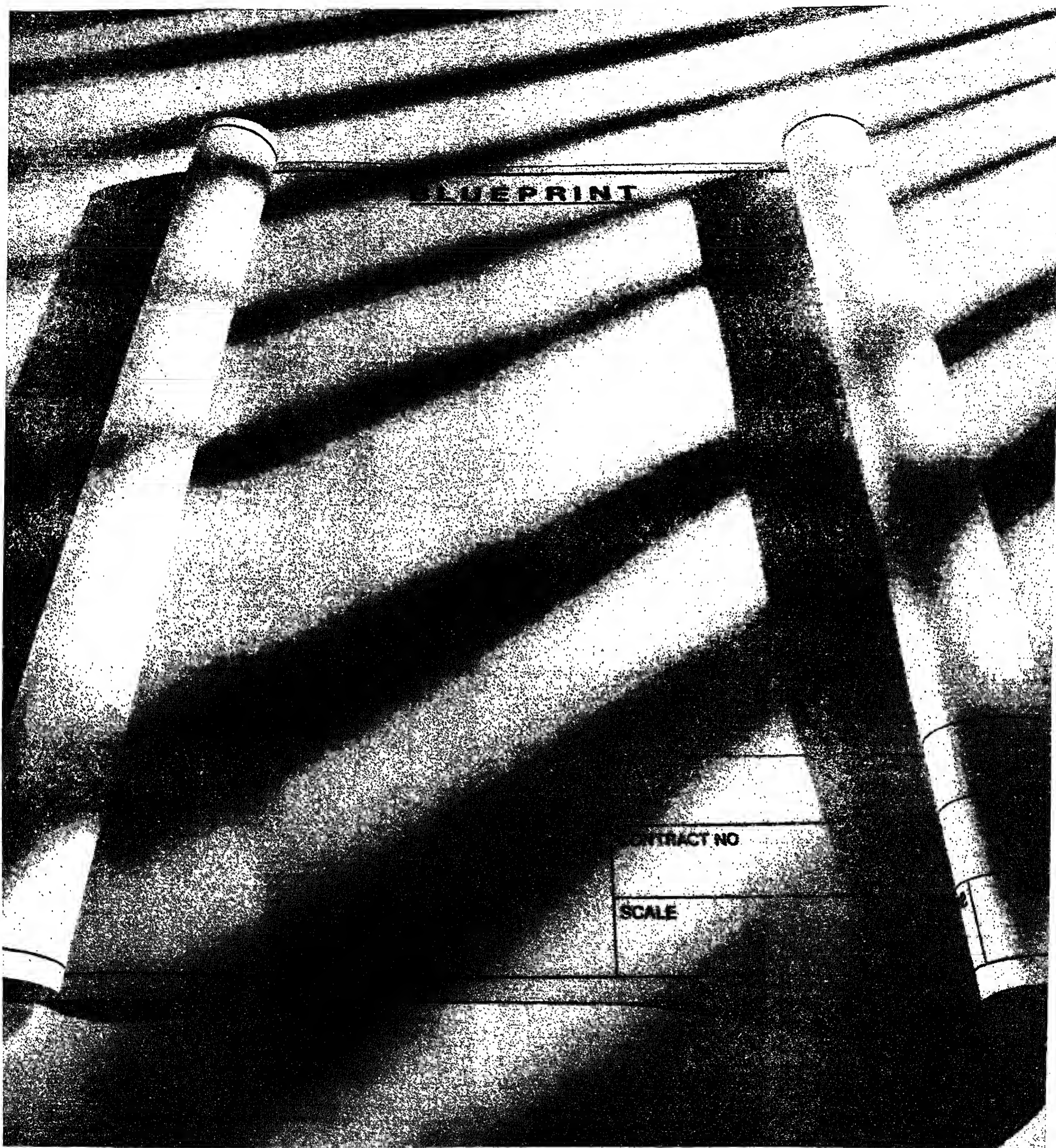
Company _____

Address _____

Tel: _____

AMERICAN EXPRESS Travel Management Services

American Express Europe Limited, incorporated with limited liability in the State of Delaware, U.S.A.



Unbelievable as it seems, this is where an IBM Customer Engineer starts work on a computer.

At IBM there's more to Customer Engineering than meets the eye. For instance, our engineers actually work alongside the people who design and build our computers. So they can bring their field experience to bear on the way our computers are made, as well as developing maintenance programmes.

If they see a potential maintenance problem looming up in a design they can nip it in the bud

before the first machine is ever built.

They also make sure that a complete maintenance programme is ready to go into operation before any new machine ever goes on the market.

So spare parts and test equipment are ready to support you right from day one.

If a problem does occur, IBM Customer Engineers can refer all the way back to our man at the drawing board

if necessary. We believe that only IBM can offer you this depth of expertise. After all, we knew everything about the servicing of your computer before it was even built.

For further information contact:
 Tony Hadfield, Customer Engineering Enquiry Centre,
 IBM United Kingdom Limited,
 414 Chiswick High Road, London
 W4 5TE Telephone: 01-747 0747.

VOTERS choosing a new National Assembly in France's general elections next Sunday will also be helping to determine the future shape of the most powerful force in French banking and finance.

Compagnie Financière de Paribas, the financial and industrial holding group taken over by the state as part of the Socialist government's nationalisation moves in 1982, is top of the list of the concerns likely to be sold to the private sector if the Right-wing Opposition, as expected, emerges victorious on polling day.

Jean-Yves Haberer, the former director of the French Treasury brought in to chair Paribas at the end of 1981 amid a political storm over nationalisation, has proved generally more adept than expected at steering the group through state ownership.

Paribas, long vilified by the Socialists as a "state within a state" during the party's long period in Opposition, became the main target for take-over following the election victory of President François Mitterrand in May 1981.

It eventually passed into public ownership in February 1982. Staff and clients were shell-shocked by wrangling with the Government which reached a climax with the forced resignation of Pierre Moussa, the former chairman, in October 1981 after he manoeuvred successfully to free Paribas' pivotal Swiss subsidiary from the nationalisation net.

Four years later, Paribas' performance seems ironically to have vindicated the Left's long-held view of the group as a self-mutating organism serving the interests of capitalism with built-in resistance to outside political pressures.

After the autumn 1981 blood-spilling, the Socialist government shrank back from any question of further dismemberment. And Paribas, run from an elegant tapestry-strewn headquarters in the Rue d'Amnin, the centrepiece of which is a covered courtyard featuring an 18th century statue of Louis XIV, now seems likely to be able to look back at its period within the public sector simply as an interlude in its 114-year-old history.

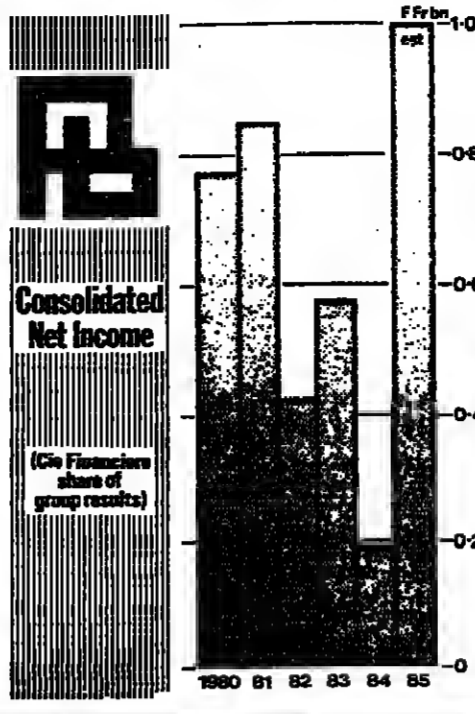
Haberer has presided over a steady rise in the group's basic earnings power. Even though consolidated net profits nose-dived in 1984 as a result of Paribas' costly pull-out of Becker, the troubled New York securities house, 1985 net earnings look likely to have risen sharply above profits in the early 1980s.

The group's balance sheet has also strengthened considerably. Helped above all by the surge in the stock market value of its holdings and subsidiaries in fin-

Paribas

Standing aloof from political influence

David Marsh reports on the prospects for the French bank and Jean-Yves Haberer, its chairman, after Sunday's election



ance and industry during the three year boom on the Paris bourse (a factor which has also significantly boosted the valuation of Paribas' arch-rival, Compagnie Financière de Suez, which was also taken over by the state in 1982) Paribas' market capitalisation is now over FFf 20bn—four times the price at which it was nationalised.

Impulse

Paribas' style and strategy have certainly been influenced by nationalisation. The Government's budgetary squeeze has forced the group to live without capital injections from its state shareholder. Cut off from its previous holdings in large companies like the Thomson electronics group, which was also taken over by the state in 1982, Paribas has been guided more in the direction of building up corporate links with medium and small sized companies which in the past it often rather disdained.

Moussa, now the chairman of Dillon Read's London investment banking arm, points to Paribas' inability to offer its own stock to finance acquisitions and says: "It is difficult to imagine anything more stupid than a nationalised banque d'affaires." And he adds: "I may be wrong, but at the end of the 1970s I believed the impulse we were giving to Paribas was so strong that it was going up to heaven—ad astra. Owing to nationalisation, Paribas is not. But if Paribas is now less brashly self-confident than

under the Moussa regime, the change is less a result of interference by government, far more because of the sharpening of competition on international financial markets.

Haberer, for instance, has greatly increased provisions to cope with increased risks on the international banking side. Spectacular financial coups may have been a rarity during the past few years. But Haberer instead has built up solid muscle power in the bond business—it has become the leading French bank in the Eurobond sector, ranked 10th internationally in terms of lead management last year, and has also profited greatly from deregulation in the domestic French bond market. And he has also continued to enlarge Paribas' expertise in venture capital—an area where it has the most experience of any French bank—and which is starting to pay off as companies in which it invested start to build up turnover and profits.

The biggest blow to Paribas' self-confidence came in 1984 with the hasty withdrawal from Becker on which it took a FFf 680m (£68m) loss. The sale of Becker to Merrill Lynch in August 1984—in return Paribas received a 3 per cent stake in Merrill—came only three months after Paribas took control of the New York trading firm in which it had been associated, initially as a sleeping partner with merchant banker S. G. Warburg, since 1974.

The episode illustrated the limits of a relatively weakly capitalised French bank trying

to cope with the management and financial problems of a securities dealing firm which buffeted Wall Street in 1984.

Paribas still knows that, as financial markets become increasingly innovative and competitive, it has to build up its base outside Paris. But in its latest international move — it is taking 100 per cent control in April of the London stockbroker Quilter Goodison — Haberer says the group has digested the lessons of its experience with Becker.

Quilter Goodison, much more in tune with Paribas' own merchant banking culture, should prove easier to control, Haberer believes. And Paribas had made efforts to allow its securities dealing staff to forge contacts with Quilter Goodison at all levels — not committing the error it made with Becker of having no basic contact with the company's employees.

The Becker affair marked Haberer's greatest trial in his efforts to make his mark as a banker under the Socialists. An able and clear-thinking administrator who proved his worth to Right wing governments in a succession of senior civil service posts since the 1960s, Haberer now faces another series of tests as the Right looks set to retake power.

The Right wing has promised widespread changes among chairmen of nationalised banks and industries if it returns to power, though Haberer, with his finely honed sense of political power play, looks one of the least likely to be deposed. And

he is hoping that his position has been strengthened by a capital raising exercise just carried out on the Paris bourse which in effect represents a practice run for denationalisation.

The group plared on its own behalf FFf 3.6bn of non-voting preference shares (certificats d'investissements or CIs). This was double the size of the largest previous equity-raising transaction carried out on the Paris bourse.

The issue, which was heavily over-subscribed, has boosted the group's total capital resources to FFf 29bn. Improved capital backing is a precondition for Banque Paribas to keep its Triple A rating on Wall Street if the state sells its shareholding later this year. And the introduction of non-voting private shareholders to make up 25 per cent (the maximum allowed under present legislation) of the Compagnie Financière's FFf 2.3bn nominal equity capital maps out a clear route to outright denationalisation under an eventual financial package involving the exchange of CIs for voting shares.

Haberer, aged 53, is an enigma. Described by those who dislike him as aloof, austere and arrogant, he is a shy man who dislikes ceremony and public gatherings, yet has a talent for motivating young high-flyers on his staff. A friend of Moussa whom he had first met in 1951, Haberer was the appointee of Jacques de Fouchier, the Paribas chairman between 1969 and 1978 who was called out of retirement to

handle the crisis in autumn 1981.

Despite his connections and his bringing in of only a few outside appointees for top posts, Haberer failed to strike up a rapport with some of the older executives.

Several have now left or gone into retirement. The most notable departure has been that of Gerard Eskenzi, the former No 2 under Moussa. Eskenzi became chairman of the Pargesa international holding company, owned by a number of former investors in Paribas and the vehicle used to take control of Paribas Suisse in autumn 1981.

Vulnerable

If the Right decide to oust Haberer, Eskenzi, who was being groomed by Moussa to take over as his successor, is the most likely candidate to take over.

Summing up his chairman's delicate position, a colleague of Haberer says: "In the past Paribas has grown through internal sedimentation. The choice of Haberer has introduced a foreign body into this culture." He affirms that Haberer is "vulnerable" because of enmities he has made during his time at the Treasury and in his new career. But he adds: "We need continuity — there is no need to change a winning team. Pierre Moussa would probably say that too." Haberer himself — banking on being allowed to stay on — makes no secret of the fact that he has a strategy for denationalisation.

Though deprived of capital funding from its state shareholder, Paribas has proved adept at using the buoyancy of the French financial markets to its advantage.

A range of Paribas subsidiaries quoted on the stock market—including the specialised credit group Compagnie Bancaire (owned 45 per cent by Paribas), and its portfolio investment arm OPFI-Paribas (stake 73 per cent)—have been active recently in raising funds on the bourse. Total equity-type fund raising on the bourse by Paribas and its subsidiaries since nationalisation has amounted to about FFf 10bn.

Haberer's aloofness may have been an important reason why the Government has had little success in attempts to meddle in Paribas' affairs. He has seen Pierre Bergevoet, the present Finance Minister, only twice since the latter took office 20 months ago and on neither occasion on matters connected with Paribas.

Since nationalisation, Paribas has injected between FFf 2bn and FFf 5bn into industrial companies in difficulties in which it owns stakes—most of which are now on the way to recovery. Paribas retains a 12 per cent stake in the holding company of the Empain-Schneider group which owned Creusot-Loire, the heavy engineering group which went bankrupt in 1984. Even Right-wing executives in rival banks grudgingly admire Haberer for resisting pressure from the Government to bail out the company. Haberer told the Government that it was not Paribas' responsibility and that anyway it didn't have any money.

The results setback in 1984 — when the Compagnie Financière share of consolidated net profits plunged to FFf 193m from FFf 371m in 1983 — appears to have been fully overcome last year, when provisional estimates of group net earnings totalled more than FFf 1bn.

With these results behind him, Haberer says he has "no sleepless nights" over his future. If it is needed, the casting vote in the matter could come from Jacques de Fouchier, now 74 years old who, as honorary chairman of Paribas and Compagnie Bancaire, keeps a fatherly eye on both groups. De Fouchier, who recommended Haberer as Paribas chairman to President Mitterrand in 1981 says: "People with ambition" are campaigning against Haberer. But he says: "I believe that anyone other than Haberer would be less good. He is a man of remarkable qualities and has had four years in the job. Paribas cannot afford the luxury of having an apprentice as chairman in charge of preparing denationalisation."

Management abstracts

Intercultural Training for Managers Y. Egozza in *The Journal of Management Development* (UK), Vol 4 No 2 (9 pages)

Describes the basic model of human communication, ie messages passing from source (intention) to destination (understanding) through processes of encoding, transmission and decoding. Shows how this model has to be extended to allow for language, emotional and attitudinal factors when communication takes place across cultural boundaries as is typical in international companies. Argues that this is a valid and necessary subject for training.

Employee theft J. W. Kenish in *The Internal Auditor* (US), Aug 85 (4 pages)

Discusses the nature of employee theft, and identifies four factors which create the environment in which theft can flourish: motivation to steal, opportunity, employee and management attitudes; outlines how preventive action, such as written procedures, training, and screening transmit the message that theft will not be tolerated. A consultant's observations on life as a senior executive.

R. O. Metzger in *Journal of Management Consulting* (Netherlands), Vol 2 No 2 (3 pages)

A management consultant who for a month worked as a bank vice president (the bank is unnamed) gives his views on the working side of life: offers such sharp (often rueful) observations as "you have no time" and "senior executives have a lot of trouble knowing what is really going on in the organisation."

How to arrange a meeting R. Leicher in *Management Zeitschrift* (Switzerland), April 1985 (1 page, in German, English version available)

Maintains that skill is needed to get people with whom you want to talk to agree to meet you on an acceptable day at a convenient time; there are dos and don'ts to observe; as a request to meet at 10.20 has a better chance of acceptance than 10 o'clock; not only a starting time should be stated but also a finishing time (expressly or implied).

These abstracts are condensed from the abstracting journals published by Ambar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Ambar, PO Box 25, Wembley HA9 8DJ.

BIG CONNECTIONS

AND SMALL ONES.



The world today requires air travel on a scale far greater than any known in the past.

Iberia the International Airlines of Spain, has risen to that challenge. We link 21 European cities, 15 Middle Eastern and African cities, and 27 cities throughout North and South America.

Our International capabilities in fact earned Iberia stature as the third largest airline in all of Europe. We also operate the biggest network of domestic airports in western Europe.

Come fly the world on Iberia. Our connections are very convenient and our credentials impeccable.

Our experience as a major airline has taught us that passengers want to be treated as people first. Whether it's serving an extra cup of hot coffee to a weary businessman or treating a first time flyer to an unexpected gift. We try never to forget that a heartfelt smile, a simple courtesy, can turn the most ordinary flight into an enjoyable journey. Call your travel agent today and suggest Iberia. We just may be the airline you've been waiting for.



THE BEST CONNECTIONS IN THE WORLD MEAN NOTHING IF AN AIRLINE FORGETS THE HUMAN ONE.

UK NEWS

PUBLIC SCHEMES WILL BENEFIT MOST FROM WASHINGTON'S FIVE-YEAR PACKAGE

US \$250m aid likely to favour Ulster

BY HUGH CARNEGIE IN DUBLIN

THE PROPOSAL for \$250m US aid over five years to back the Anglo-Irish agreement, under discussion last night by the House of Representatives in Washington, is likely to be spent on three main types of economic and social projects with roughly a three-to-one spending bias in favour of Northern Ireland. The agreement, signed last November, gives Dublin a role in the affairs of the UK province. The larger part of the aid, designed to underpin the political aspects of the agreement, will go to schemes put forward by public authorities and are expected to include housing in disadvantaged areas, roads, tourist development

and projects such as afforestation. Officials are reluctant to name specific projects but one example might be a long-delayed improvement of the congested main border crossing road between Newry and Dundalk. There will be contributions to community and voluntary bodies, carefully vetted to ensure they have no paramilitary links. Officials also intend that some money will be earmarked for a venture capital fund to provide equity capital for businesses setting up in, for example, border areas with high unemployment. South of the border, the main concern is to regenerate areas such

as the border town of Clones which have suffered because of the troubles. In the north, much of the emphasis is expected to be on the social infrastructure in an effort to tackle the perceived link between social deprivation and violence. Both sides originally hoped for at least \$350m from the US. The aid is now waiting to see what form the package finally takes after it has been through the Senate, before constituting the international fund through which the money will be channelled. There is some expectation that the total will be a compromise between the \$250m of grant aid over

five years expected to be approved by the House and the original Administration proposal for \$100m in aid and \$150m in credits. The international fund will be administered by a board of management made up of British and Irish officials, with the possibility of American involvement. The fund will have a small executive staff to evaluate projects. Unionists opposed to the deal have criticised the aid as blackmail to try to get them to accept the Anglo-Irish accord, but their objections are not regarded as an obstacle to operating the fund. The absorption capacity of the Northern Ireland economy is enormous. If the unionists don't want the money, there are lots of nationalists that do," said one Dublin official. Dublin and London are also making a joint approach to the European Community for a contribution to the fund to match or exceed the US aid. However, Mr Tom King, the British Secretary of State for Northern Ireland, said this week there were difficulties in London on how the joint submission should be based and this may delay the process. Canada and Australia are two other countries which the two sides have approached on possible contributions.

British Steel set to raise prices

By Ian Rodger

BRITISH Steel (BSC) will try to raise the prices of its strip mill products and plates by 3 to 5 per cent on April 1. The move partly reflects strong market conditions in the UK in the past two months, with the motor and engineering industries operating well. But the main factor is probably the easing of pressure on BSC from European competitors following the sharp fall of sterling against the D-Mark in recent months. Some analysts are surprised that BSC is not seeking bigger price increases to take advantage of the situation. The corporation's cautious approach probably reflects its scepticism about sterling remaining weak against the D-Mark for long. The increases are the first attempted by BSC this year in the important flat product sectors. West German producers attempted to impose a DM 30 per tonne price increase on flat rolled products in January, which would have represented a 3 per cent rise, but the move failed because of weakness in the market then and pressure from imports. The West Germans will try again for lesser increases of DM 15 to DM 20 a tonne next month.

Ureenco gives pledge to stand by uranium enrichment process

BY DAVID FISHLICK, SCIENCE EDITOR

URENCO, the Anglo-German-Dutch uranium enrichment company, has strongly denied rumours that it may soon abandon its unique gas centrifuge process, development jointly by the three countries over the past 15 years. In a statement yesterday the company said the rival laser enrichment process would find it difficult "to achieve economic superiority over the centrifuge before the end of the century." "All foreseeable new investment by Ureenco in enrichment facilities will use the gas centrifuge," it said. Ureenco specialises in the enrichment stage of the manufacture of civil nuclear fuel, up to levels of about 5 per cent enrichment. It has no military business. The company has a gas centrifuge investment programme approaching £500m, and a forward order book for enrichment contracts for electricity companies which exceeds £2.5bn. Rumours of a threat to its technology base began to circulate after the appearance of two executives from British Nuclear Fuels (BNFL) - its British shareholder - before a House of Lords select committee in January. Mr Con Alday, BNFL chairman and chief executive, said then that there was a risk the US could leapfrog Ureenco with its new laser enrichment process, for which it had already abandoned its own version of the gas centrifuge. He forecast that within two or three years Ureenco would have to take a crucial decision between an advanced centrifuge and the laser. Preliminary discussions with the French - who are also developing the laser process - had indicated a willingness to talk," Mr Alday said. Ureenco executives believe that their crucial decision between their new and faster IXC centrifuge, still under development, is further away. A decision is expected in the early 1990s. All three countries are increasing their investment in laser enrichment research, to a total of about £15m for the coming year. The French are already spending at double this rate. The Commissariat à l'Energie Atomique has budgeted about £30m, this year. It aims to reach pilot-plant stage by 1992. Ureenco plans to keep the three laser research programmes separate for the present, and to pursue different technologies, but the partners will keep each other informed of progress.

Loyalists protest as Anglo-Irish conference meets

BY OUR BELFAST CORRESPONDENT

PROTESTS by Unionists marked the meeting yesterday of British and Irish ministers in Belfast under the auspices of the Anglo-Irish agreement. The inter-governmental conference, chaired jointly by Mr Tom King, the Northern Ireland Secretary, and Mr Peter Barry, the Irish Foreign Minister, concentrated on security co-operation and the need to improve relations between the Royal Ulster Constabulary (RUC) and the nationalist community in Northern Ireland. There was strict security for the meeting at Stormont Castle. Police ringed the area and there were scuffles when a crowd led by Unionist politicians attempted to cut security fencing. Three

Democratic Unionist members of the Northern Ireland Assembly were arrested but later released. At lunchtime, workers from the Belfast shipyard and Short Brothers aircraft factory blocked the main roads into Belfast for 30 minutes. The meeting was the fourth since the conference was set up last November. The two sides issued a communiqué which said that Sir John Harman, the RUC Chief Constable, and Mr Lawrence Wren, Commissioner of the Irish Police, had attended to give progress reports on security co-operation. Sir John told ministers how the RUC was seeking to develop relations with the minority, including arrangements for handling complaints and boosting the number of Roman Catholic recruits to the force. The British side welcomed the Irish decision to sign the European convention on the suppression of terrorism in Strasbourg last month. Security and community relations will be among the issues raised at the next meeting.

Cost of Trident missile project up by £584m

BY IVOR OWEN

THE OFFICIAL estimated cost of the Trident missile programme has increased by £584m to £9,869m. Mr George Younger, the Defence Secretary, told the House of Commons yesterday. The announcement, during questions on defence matters, brought claims from both sides of the Commons that the escalating cost of the programme is likely to put severe strain on the conventional defence budget. Defence Ministry officials claimed, however, that the £584m increase would be more than offset by the fall in the dollar against sterling since last June, the date on which exchange rates used to calculate the cost of the programme are based. The ministry estimates that each fall of one cent in the dollar's value reduces the total cost of Trident by £35m. At yesterday's exchange rate of \$1.45 the cost would be some £590m less than the official estimate. Mr Younger said the cost of Trident had been reassessed as part of the annual review of costings being carried out by defence ministers. The review was based on last June's exchange rate of \$1.28 in order to ensure comparability with previous official estimates. Mr Younger said £324m of the increase reflected exchange rate movements since the previous cost estimate was made early last year. The other £260m was caused by inflation, offset by savings caused by "better project definition." "Costs are clearly under control and the programme remains on time for an in-service date in the mid 1990s," he said. Mr Tim Yeo (Conservative) gave a warning that even in the light of the latest savings caused by exchange rate movements "there are many people in this country who remain concerned about the way in which expenditure on Trident may curtail expenditure on other important defence programmes." Mr Younger said the latest figures confirmed that Trident would require, on average, 3 per cent of the defence budget, and 6 per cent of the equipment budget. He said that this was "well within our means" for a system which would offer defence and safety for the future. Dr David Owen, leader of the Social Democratic Party (SDP), said the increasing cost of Trident would have to be maintained within a defence budget which was to be cut by 7 per cent in real terms in the next three years. He asked: "Can you really go on claiming that you can support the conventional defence spending which is currently planned?" Mr Dennis Davies, Labour's defence spokesman, said the Government would have no option but to take the increased cost of Trident from the conventional defence budget. He said costs incurred in the US were beyond the control of the Government. The eventual cost of the Trident system was dependent on exchange rate movements and the prices charged by US arms manufacturers. Vickers prospectus, Page 11

Look how much the Abbey Habit can earn you

9.50% net

Ask Abbey National for Higher Interest on any sum from £500 up and that's exactly what you get - our top rate of 9.50% net - with our Higher Interest Account.

TWICE A YEAR OR MONTHLY

Interest credited twice a year accumulates to 9.73% net CAR.

Or, if you need regular income, the interest can be paid monthly into one of several Abbey National accounts or into your bank account.

INSTANT ACCESS

Your money is instantly accessible without notice, subject to 90 days' loss of interest.

Give us 90 days' notice, or leave £10,000 in the account after withdrawal, and there's no loss of interest. Ask Abbey National for Higher Interest now.

Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.

HIGHER INTEREST ACCOUNT		
INVESTMENT	MONTHLY INTEREST 9.50% net Basic rate tax paid	ANNUAL INTEREST 9.73% net compounded annual rate when full half-yearly interest remains invested
£2,000	£15	£194
£3,000	£23	£291
£5,000	£39	£486
£8,000	£63	£778
£10,000	£79	£972
£15,000	£118	£1,458

To: Department HIT, Abbey National Building Society, FREEPOST, 201 Grafton Gate East, MILTON KEYNES MK9 1DA.

I/We enclose a cheque for £_____ to be invested in a Higher Interest Account at my/our local branch in _____

Please send me full details and an application card. I/We understand the rate may vary

I/We would like: A. the interest added to the account half-yearly
 B. to take advantage of the monthly income facility (tick appropriate box).

Full name(s) Mr/Mrs/Miss _____
 Address _____
 Postcode _____ Telephone _____
 Signature(s) _____ Date _____



ABBNEY NATIONAL HIGHER INTEREST ACCOUNT

Work and live in the heart of Cheshire

Where we offer factory units, a design and build service and greenfield sites - but more than that, the quality of life is better, the cost of living lower. Be within 20 miles of 4 1/2 million consumers and within 70 miles of over 10 million.

Have 2 major motorways, 2 mainline rail links and international airports on your doorstep yet be in an area of natural growth with a skilled, stable workforce of over 50,000 to choose from.

And have the support and help of a small but very efficient Industrial Development Service and the Mid Cheshire Chamber of Commerce.

All of this plus 150 square miles of Cheshire countryside where families can grow and develop in a healthy and civilised environment. Vale Royal is a better place for business - a better way of life. Find out why - telephone Richard Collingham on 0606 592021 or write to him at Vale Royal District Council, Over Hall, Winsford, Cheshire CW7 1ES.

NOW!
VALE ROYAL IS
 The heart of Cheshire

To the Holders of
INTEC INC.
 U.S. \$50,000,000
 3% Convertible Bonds 1999

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7(E) of the Trust Deed dated June 7, 1984 under which the above-described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of one share for every five shares held will be made to shareholders of record as of March 31, 1986.

As a result of such distribution, the Conversion Price at which Shares are issuable upon Conversion of said Bonds will be adjusted pursuant to Condition 5(D) of the Terms and Conditions of the Bonds from 5,958.90 Japanese Yen to 4,965.80 Japanese Yen effective April 1, 1986.

INTEC INC.
 Dated: March 12, 1986

UK NEWS

Vickers consortium woos its workers

BY LISA WOOD

MR HAROLD BROWN, leader of Labour-controlled Barrow-in-Furness district council in north-west England, was undecided yesterday whether or not to buy shares in Vickers Shipbuilding and Engineering (VSEL), where he works in the paint shop.

"The workforce is still very much in the dark about the share offer from the management consortium and it is waiting to examine the prospectus," said Mr Brown, aged 52. While ideologically opposed to the Trident nuclear missile submarine, which is expected to be built at Vickers, he is wedded to the prosperity of his town.

"What is good for Vickers is good for Barrow," said Mr Brown, who like many of his workmates has been at Vickers all his working life.

How the management buy-out consortium sees the future of VSEL is based, was outlined in its prospectus which was launched yesterday.

This was five days after the Government announced its decision to award the sale to the consortium in preference to Trafalgar House, the industrial conglomerate.

The consortium is paying £60m to British Shipbuilders, the state-owned parent, at the end of this month with up to a further £40m promised in the 1990s and £32m committed on funding facilities for Trident.

Included in the 100-page document was a trading forecast before interest of £15m for the year ending this month compared with £12.5m last year. An important feature of the prospectus, and indeed of the company's future, according to Dr Graham Leach, the chief executive, is the offer of shares to the 14,500 workforce, their relatives and the local population.

For a loan needing repayment of as little as £1.94 a week, the prospectus states an employee can have a £100 loan to buy 100 shares. A preferential loan scheme mentions that banks will offer "favourable interest rates" to employees. There is a further inducement. All employees buying 500 shares are given another 150 free. Those buying fewer receive 50 free.

At first, the minimum on offer to employees was to have been 500 shares. The offer was adjusted to take into account a fair number of employees on family income supplement (social benefit) for whom an investment of £500 was out of reach," said Mr Stephen Barrett, assistant director of Lloyds Merchant Bank which, with several other institutions, has underwritten the deal.

"A lot of people could have diff-

Lex, Page 18

BBC faces litigation over satellite broadcasting venture

BY RAYMOND SNODDY

THE BBC is being sued for £57m by two of the companies which were to have provided a satellite system for the corporation's aborted Direct Broadcasting by Satellite (DBS) venture.

The litigation has been undertaken by British Aerospace and GEC, although United Satellites (Unisat) is also named as a claimant.

Unisat is the consortium set up with Government encouragement to build DBS satellites for the BBC. It groups British Aerospace, British Telecom (BT) and GEC. But BT is playing no part in the lawsuit.

A writ and statement of claim for £57,163,000 was served on the BBC at the end of last month.

If the BBC loses the case, the money would almost certainly have to come out of licence fee revenue which, apart from the profits of BBC Enterprises, is the corporation's only source of income.

The claim is designed to cover the

costs of design, manufacture and financing of work carried out by Unisat on a satellite system from August 1982.

The legal document also alleges negligence and misrepresentation. This apparently refers to the date when Unisat was informed of the BBC's decision to pull out of the project.

The BBC said yesterday: "We have received a statement of claim. It is our intention to strongly defend the case." It is believed the BBC will argue it was made clear to Unisat that any work carried out before signing a final contract would be at its risk.

The claim arises out of a project first announced in the House of Commons in March 1982. On March 7 1983 the BBC announced it had signed heads of agreement with Unisat for the provision of a two-channel DBS service to be launched by the BBC in September 1986.

Under the heads of agreement the BBC would pay Unisat £12m a channel a year over seven years - a total of £168m. The BBC never signed a final agreement and will argue that the outline agreement signed was not a legally binding contract.

The BBC effectively decided in December 1983 not to go ahead alone with a DBS project because of the high financial risk, and talks then began on a joint venture involving independent television companies and other industrial and commercial organisations.

The Government insisted throughout negotiations that Unisat should be the satellite supplier.

Last June the joint venture group decided not to go ahead with DBS. Unisat is no longer a trading company. It will retain a legal existence until the litigation is complete - a process that could take two years.

PETROL TAX TEMPTATION FOR LAWSON

Price dilemma facing oil groups

BY MAX WILKINSON, RESOURCES EDITOR

ONE OF the safest bets for next Tuesday's budget is that the chancellor of the Exchequer will push up the duty on petrol by more than is needed to keep level with the inflation rate.

This would have the double virtue of helping to compensate the Exchequer for the sharp reduction in its North Sea revenues and of being camouflaged by the recent falls in pump prices. To keep pace with inflation he would need to add 5p to a gallon of four star petrol. If he increased the duty by 15 pence he would raise an extra £550m at the cost of pushing the price of a gallon of four star back up to 183p, about the same level as in October.

Probably the most persuasive argument in the Treasury is that oil companies are now making fat profits after several very lean years in their downstream operations. This is because pump prices have not fallen anything like as fast as the refiners' cost for crude oil.

So one big question for Whitehall is whether the major oil companies would be able to absorb the Chancellor's increased tax take, or at least to offset it by a further easing of pump prices.

Oil men tend to react abrasively to such questions. "Any increase in duty will have to be passed on to the motorist," said a BP spokesman. However, he added rather less tartly: "What happens to the pump price at any time is the result of competitive forces in the market."

This comment reflects a rather reluctant acceptance in the industry that prices charged to motorists have some way to fall provided that

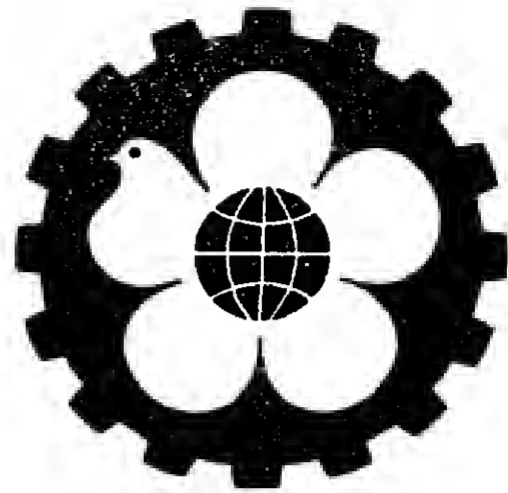
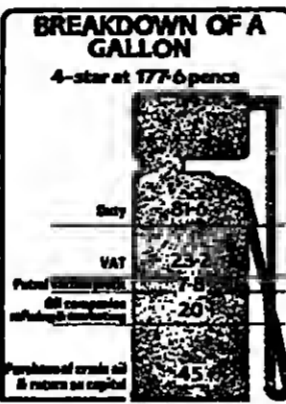
four star petrol have eased by only about 7 per cent.

These figures strongly suggest that in spite of some tough-guy talk of competition by petrol companies, the price wars of recent years have been replaced by a general armistice if not an outright price treaty. Even the smaller petrol companies seem now to have been absorbed into a consensus that it is better to hang on to a higher margin and compete for market share by other means.

Out of an average price of 178p per gallon, duty accounts for 81.6p and VAT 23.2p, giving a total tax take of 104.8p. The average margin of petrol station operators is reckoned by one major oil company to be 7.1p. This leaves 65.4p for the supplier of bulk petrol. About 20p of this represents the cost of marketing and refining and the balance of 45p is left to buy crude oil and provide a return on investment.

Oil companies say that since the beginning of the year the fall in crude oil prices has reduced their costs by only 9p in a gallon, though lower crude oil prices are no doubt still working their way through inventories.

Nevertheless, the benefit to refining margins has been enough to push BP's return on investment in its petrol business back up from a substantial loss to around 14 per cent, as Sir Peter Walters, the chairman revealed when the 1985 annual results were released last month. Sir Peter said that 14 per cent was a reasonable return and he had no wish to reduce it by lowering petrol prices, a sentiment which chairmen of other major oil companies would doubtless endorse.



INTERNATIONAL FAIR PLOVDIV, BULGARIA

37 G. Dimitrov Blvd. 4018 Plovdiv Telephone: 5-31-91 5-31-46 Telex: 44432 partet bg/44709 partet bg/ 44710 partet bg

May 5-11, 1986 International fair for consumer goods and foodstuffs

September 29-October 6, 1986 International technical fair

These are the dates you should write down in your business calendar for this year! Every time you fail to take part in the Plovdiv Fairs you miss an opportunity to extend your business!

Special Subscription HAND DELIVERY SERVICE of the FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER in SCANDINAVIA. You can obtain your subscription copy of the Financial Times, personally hand-delivered to your office in the centre of the cities indicated, for further details contact: K. Mikael Heinis, Financial Times Scandinavia, 44 Østergade, DK-1100 Copenhagen K, Denmark Tel: 01 134441. Includes a map of Scandinavia.

the cost of crude oil in sterling terms does not suddenly rebound. Mr Alan Morgan, managing director of Bulldog, one of the larger independent brands, said in the March issue of Petroleum Review: "The prospect for 1986 would appear to be for a continued downward slide in prices and profitability."

However, he also emphasised the major trend in the petrol market towards non price competition when he said that the smaller petrol stations would need to fight for their corner of the market by improving their service and facilities.

The widespread switch of emphasis to service, shops, give-aways and promotions may help to explain the sluggish movement in prices recently. Since the turn of the year, the spot price of North Sea crude oil has fallen by 50 per cent, the Rotterdam spot price for premium gasoline has fallen by almost 40 per cent, but average pump prices for



UNLOCK THE HIDDEN SECRETS OF GROSVENOR HOUSE

Beyond the elegant Lutynens facade lie many secrets. An awning conceals the entrance to one of London's finest French restaurants. While hidden deep under Park Lane, you'll find a full size swimming pool and gymnasium. There's room to breathe, too, in the finely furnished period

bedrooms and suites, all discreetly air-conditioned. But there's another jewel in the Grosvenor House crown that you'll notice as soon as you encounter our individual style of service. One of our many long-standing clients summed it up beautifully. "It's a sense of occasion."

GROSVENOR HOUSE PARK LANE LONDON 01-499-6363 A Trusthouse Forte Exclusive Hotel

An uncommon sense of occasion

NOW'S THE TIME TO BUY! An advertisement for an Adler typewriter, showing a large image of the machine.

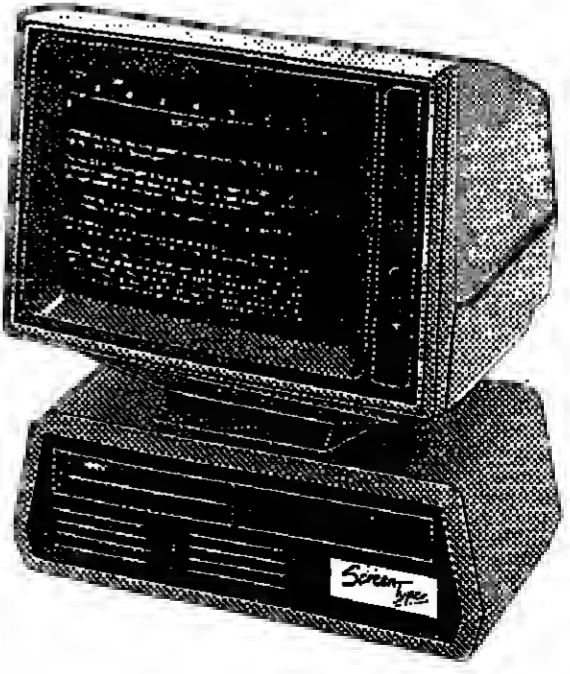
9.9% FINANCE ON OEM WORDPROCESSING

Plus 50% capital allowance till March 31st.

OEM Screenwriter and Screenwriter. Full wordprocessing power through a user-friendly Adler typewriter. Telex and electronic mail option. Buy the complete system. Or upgrade an existing electronic typewriter from as little as £1100.

See your Adler dealer or send the coupon. Fast. To: Office and Electronic Machines plc, 140-154 Borough High Street, London SE1 1LH. 01-407 3191. ACT NOW! Send me details of OEM wordprocessing and the 9.9% finance deal.

9.9% finance example (exc VAT): Cash price £1500 Deposit £375 12 monthly payments of £98.65 £1183.80 Total deal price ONLY £1558.80 Your interest is only £58.80. And you benefit from 50% capital allowance if you buy now! *Not available in all areas.



UK NEWS

US companies to tender for Nimrod option

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THREE US companies are to be given 45 days from Monday to produce initial proposals for supplying an alternative to Britain's controversial Nimrod early warning aircraft.

Syndicates at Lloyd's 'may be over limit'

By John Moore

TEN INSURANCE syndicates in the Lloyd's of London market may be in breach of the market's financial limits, which are designed to ensure that insurance transactions are carried out in a prudent way within the community.

Heathrow prepares for take-off

Michael Donne on a new terminal at London's biggest airport

WITH only a few weeks to go before the £200m Terminal Four at London's Heathrow airport becomes operational on April 12 (although it will be formally opened by the Prince of Wales on April 1), British Airways (BA) is stepping up preparations to become the biggest user of the new building.

The Department of Transport has appointed a team of three firms of consultants to study ways of improving road and rail surface links between central London and Heathrow.

They will suggest how demand could be met, and give the relative costs and benefits of any options they propose. The study is expected to last 10 months.

Bae signs technical pact with Mexico

BRITISH AEROSPACE (BAe) has signed a technical co-operation agreement with the Government of Mexico that could lead to the eventual collaborative production of civil aircraft between the two countries.

Overhaul at Post Office

BY DAVID THOMAS

THE POST OFFICE is planning to change its organisation as part of a complete overhaul of its services.

The original intention to ban related party transactions, Lloyd's has tightened the rules further. There was criticism in the market that the transactions could still be allowed providing that they had the full approval of the 16 working members of Lloyd's who form an executive committee.

Highland fails to raise £2.3m launch capital

BY ALICE RAWSTHORN

THE FUTURE of Highland Express Airways, which planned to offer cheap flights from Scotland to North America, has been thrown into doubt after its failure to raise £2.3m in launch capital through the Business Expansion Scheme.

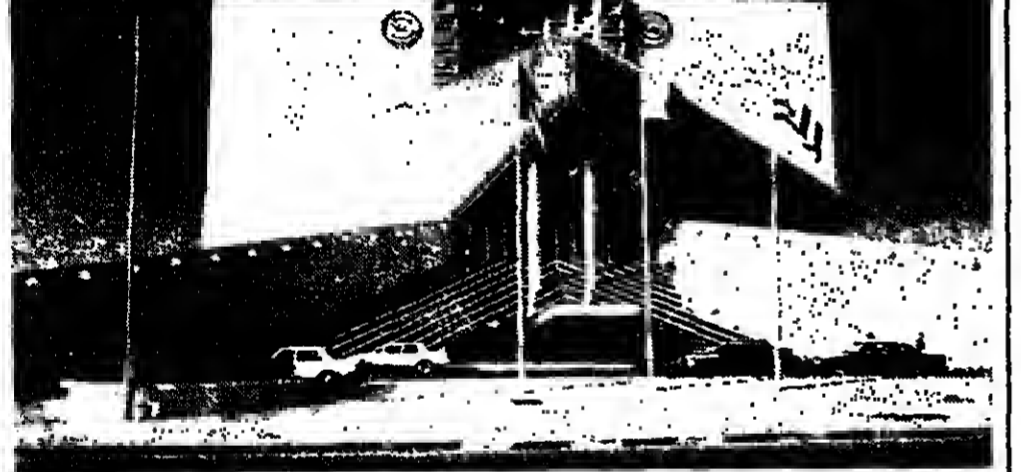
When issues such as this fail, the general procedure is to extend the deadline. But Highland Express's first flight was scheduled for June, and the process of marketing an airline and securing licences is so time consuming that extending the deadline was impracticable.

Mr Austin is confident the opening of Terminal Four will run smoothly. "We are on the home run now, and we'll not let the finishing line out of our sights until we have completed fitting out a building that will be nothing short of excellent for our passengers and staff."

Mr Ralph Robins, managing director of Rolls-Royce, has been appointed chairman of International Aero-Engines (IAE), the five-nation consortium building the V-2500 turbo-engine for the A-320 European Airbus. He succeeds Mr Arthur Wegner, president of Pratt & Whitney, the aero-engine division of United Technologies, which is also a major shareholder in IAE.



COME TO THE GULF



COME TO SHERATON

When you travel to one of the world's most important business centres, you expect the finest in hotel accommodations. Like so many travellers to the Gulf, you choose Sheraton. For key locations near commercial, government and shopping districts.

Rutherford plan to build £10m Star Wars laser

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is negotiating to build a £10m ultra-high-powered laser facility for the US Star Wars (SDI) research programme, to study the effects of laser beam weapons on space targets.

The Rutherford plant is already participating in studies of the effects of laser radiation on materials and electronics, funded by the Los Alamos National Laboratory in New Mexico and the Atomic Weapons Research Establishment, Aldermaston, west of London.

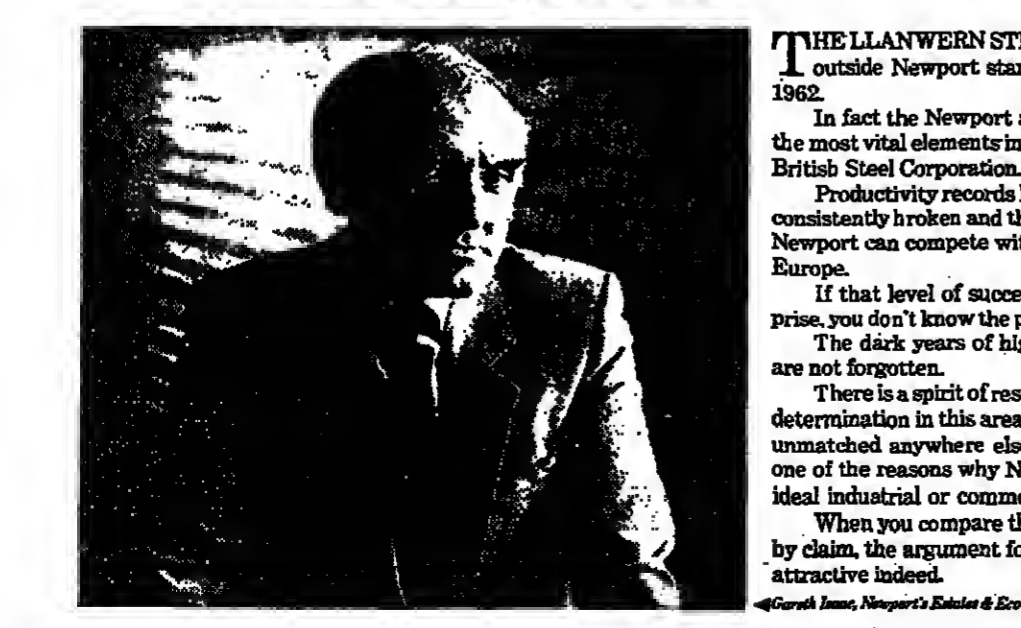
NOTICE OF REDEMPTION

Hertz Capital Corporation B.V. and Hertz Capital Corporation N.V.

15 3/4% Guaranteed Notes due April 15, 1989

NOTICE IS HEREBY GIVEN that pursuant to the Indenture dated as of April 27, 1982 relating to the above-described Notes (the "Notes"), Hertz Capital Corporation B.V. and Hertz Capital Corporation N.V. have elected to redeem all of the Notes on April 15, 1986 at the redemption price of 101% of their principal amount.

"Hard work doesn't frighten the people of Newport. The lack of it does."



THE LLANWERN STEEL WORKS, just outside Newport started production in 1962. In fact the Newport area is now one of the most vital elements in the success of the British Steel Corporation.

LESSER BRAIN-TEASER No 8

QUESTION A sixth form science class has 26 pupils whose names each begin with a different letter of the alphabet. If there are 16 boys and 10 girls, what is the probability that a girl has a name beginning with 'L'?



SMALLER THAN A WHISPER



Ultra mini microphone picks up even whispered conversations. Use it with any pocket recorder or one of our many specialist recorders. We specialise in solutions to your personal communications and security needs. Electronic excites from the fun to the fantastic. Come in for 5 minutes now and be amazed forever.

COMPLETE LOW COST SYSTEM I.D. Cards includes multi-image camera picture punch and card laminator

Vertical text on the right edge: ROC, 220, 250, 280, 300, 320, 350, 380, 400, 420, 450, 480, 500, 520, 550, 580, 600, 620, 650, 680, 700, 720, 750, 780, 800, 820, 850, 880, 900, 920, 950, 980.

HERE'S A LIST OF SOME OF THE MOST PROGRESSIVE AND FAR-SIGHTED COMPANIES IN BRITAIN.

You don't need to be a regular reader of the FT to know that this is a list of very successful companies.

But progressive and far-sighted? Certainly.

They all recognise that they can only stay successful by training young people for the future.

And that having properly-trained people working for you means higher productivity.

And that a regular input of enthusiastic young people has a positive effect on everyone in a firm.

Which is why they're about to take on thousands of school-leavers on the new 2 year YTS.

These tightly-run companies will, with the happy agreement of their finance directors, be devoting time and money to training totally green sixteen and seventeen year olds.

An investment that will be paying returns year in, year out, way into the next century.

Up to now, over 100,000 companies have said they want to be part of the scheme. So your competitors are probably already amongst them.

- MARKS AND SPENCERS PLC
- J. SAINSBURY PLC
- BRITISH PETROLEUM COMPANY PLC
- THE BURTON GROUP
- ALLIED-LYONS PLC
- THE BOOTS COMPANY PLC
- THE ASSOCIATION OF BRITISH TRAVEL AGENTS LIMITED
- WHITBREAD AND COMPANY PLC
- CADBURY SCHWEPPE'S PLC
- NORTHERN FOODS PLC
- BAKER PERKINS PLC
- PILKINGTON BROTHERS PLC
- INTERNATIONAL THOMSON ORGANISATION PLC
- BUILDERS' MERCHANTS FEDERATION
- GRAND METROPOLITAN PLC
- TESCO STORES LTD.
- BRITISH ASSOCIATION OF PROFESSIONAL HAIRDRESSING EMPLOYERS
- GALLAHER TOBACCO (UK) LIMITED
- THE DISTILLERS COMPANY PLC
- ESSO UK PLC
- TARMAC PLC
- ASDA-MFI GROUP PLC
- THE POST OFFICE
- THE PLESSEY COMPANY PLC
- MOTOR AGENTS ASSOCIATION LIMITED
- ELECTRICITY COUNCIL
- IBM UK LIMITED
- GLAXO HOLDINGS
- GUEST KEEN & NETTLEFOLDS PLC
- IMPERIAL GROUP PLC
- COURTAULDS PLC
- THE BOC GROUP
- SCOTTISH AND NEWCASTLE BREWERIES
- BRITISH SHIPBUILDERS
- IMPERIAL CHEMICAL INDUSTRIES PLC
- TATE & LYLE PLC
- AUSTIN ROVER
- BASS PLC
- ROWNTREE MACKINTOSH PLC
- ARGYLL GROUP PLC
- LITTLEWOODS ORGANISATION
- RANK XEROX LIMITED
- GEORGE WIMPEY PLC
- THORN EMI
- JOHN LEWIS PARTNERSHIP PLC
- THE GENERAL ELECTRIC COMPANY PLC
- UNILEVER UK HOLDINGS LIMITED
- ROLLS-ROYCE LIMITED
- EAGLE STAR INSURANCE CO. LTD.
- BRITISH AEROSPACE
- SHELL UK


HERE'S HOW TO GET ON IT.

Apply for information to: Mr C Neale, Manpower Services Commission, FREEPOST, Sheffield S3 7ZZ.
No stamp needed. Or phone for free Information Pack on Sheffield (0742) 755205.

Name _____ Company _____ FT/MC. 10/3

Address _____

Tel: _____



THE ARTS

Television/Christopher Dunkley

To suppress public discussion is crazy...

Normally this column concerns itself with programmes which are readily available to everyone. Today it is devoted to two programmes, one BBC and one ITV, which have been pulled out of the schedules before transmission. Both are exceptionally serious, both are designed to spread knowledge in the hope of avoiding suffering, both are on subjects which have been pusillanimously avoided by the mass media as a whole, both were produced by experienced and highly respected programme makers. Yet the first has now been banned entirely and the second, which was made specifically for a daytime audience, is to be buried away in a late night slot. It is sadly ironic that at the very time when Mary Whitehouse's Bill, tightening up state control over the broadcasters and extending provisions to stop us making our own television choices, is being pushed through Parliament by Winston Churchill, MP, these two programmes have come to grief under the existing regulations because of their sexual content. It is hard to avoid the feeling that the BBC and the IBA are gagging and muffling some of their best producers out of sheer funk. The record of the broadcasting authorities in fighting for freedom of expression for their programme makers has always been poor, but their behaviour over these two programmes is pathetic: the merest hint of Whitehouse gapesheet and not a single heart is to be seen above the parapet in Portland Place or Brompton Road. The programmes in question are an episode of BBC2's Horizon which endeavours to throw light upon the spread of AIDS by investigating sexual habits and attitudes among homosexual men; and an episode in the Thames series Someone To Talk To which presents a case study of incest and publishes the work of the Incest Crisis Line. Having managed (with not a little difficulty in the case of Horizon) to see both programmes I can report that neither could possibly be described, even by the most prudish, as sensational or exploitative. Indeed, both programmes in my view would benefit from being more explicit, AIDS being a phenomenon which is spreading fear and alarm almost entirely because of ignorance, and incest being an evil which—if we are to believe the statistics in the Thames programme and am assured they may be underestimated by as much as 50 per cent—affects one child in 10. One is driven to wondering just what sort of a daft broadcasting system we have constructed for ourselves which encourages us all to watch pain being inflicted with such dreadful frequency (people being hit in the face, kicked in the groin, shot, stabbed, tortured, disembowelled, decapitated) but which flees in fear and trembling from the sight of a man daring to talk of television about homosexual practices? What sort of a daft broadcasting system have we constructed for ourselves which encourages us to watch pain being inflicted with dreadful frequency, but which flees in fear and trembling from the sight of a man daring to talk on television about homosexual practices? prodons may feel about them, are indulged for the mutual pleasure of the participants, often as an expression of love. No doubt the rest of the BBC's desperate cowardice over Horizon is that the programme goes into such matters as coting and anal sex. It even mentions sadomasochism, coprophilia and urolagnia (which, sensibly enough, are described, albeit briefly, in words more familiar to the average viewer). But if somebody does not start soon to say publicly just which practices do and which do not carry a high risk of spreading

(though she is presumably old enough) take throat-cutting and crucifixion. "Just how do you do anal sex in a public lavatory?" is not the kind of question you bear every night. But it is exactly the sort of question which must be answered if we are to understand how this disease is transmitted. At least, I think it is; even this programme with its relative frankness does not really tell you "who does what and with what and to whom," which is what we really need to know. For that you still have to go to Kraft Ebing or John LaBr's astonishingly explicit Penguin biography of the playwright Joe Orton, Prick Up Your Ears. To one sense there is less controversy about the ITV programme. Both Thames Television management and the IBA agree that the programme makers that it should be shown. However the IBA people are insisting that their layman's outlook, which sees the programme as unsuitable for small children, should prevail over the views of all the child psychiatrists, mental health experts who have been consulted and who say that "younger children would understand little and older children would find it of value." Someone To Talk To was organised, as follows: frank talk, not only is there no film of homosexual practices, there is not so much as a still picture or a diagram; merely men answering questions. Some viewers might not want granny in the room for some of the questions

tor of the Mental Health Foundation, as daytime programme. The edition on incest contains no depiction of its subject but simply discussion: an actress plays the part of Kristina, who describes how her uncle started an incestuous relationship with her when she was five years old and continued until she was 13. Then Richard Johnson describes the services provided by the Incest Crisis Line. The description of actual incest is so euphemistic that it is impossible to believe anybody younger than 10 or so would understand it. Asked on Channel 4's Right To Reply whether the IBA had expert medical advice contradicting that of the programme makers, M. C. O. B. Rowley, an IBA officer, made it clear that they did not. The officers appear to be taking up their position on one verbal incident: a description by Kristina of a moment when she raised her own baby above her head as though to fling it to the ground—which, she declares, she did not do. To see the IBA plugging this programme away with such a deeply caring expression for the tiny tots, lest their sensibilities be assailed by this sentence, of course a most touching sight. It does, however, make one wonder whether they and we are all right round the bend. Do they really expect us to believe that The A-Team with its lousiest cinematic depiction of the word is jolly good kiddies fare whereas a woman talking about thinking about dropping a baby is reason for weeding a programme out? While television continues with its barrage of violence—the knee in the stomach, the broken bottle in the face, the punch and machine gunnings, all in the name of entertainment—we are told that two serious and important social programmes have been pulled from the schedules because they might offend some viewers, and the tiny minority, perhaps that minority should be warned that one day they may find themselves even more distressed and offended when their grandchildren are scarred by incest and their brothers killed by AIDS.

Blood, Sweat and Tears/Tricycle

Michael Coveney

It is back to the sporting life for Hull Truck in this fine new piece from John Godber and his tough springy company. Inspired by Hull's own world Judo champion, Karen Briggs, the actors are set in a small club, designed by Viv Burnley, whose star player, Andy (Steven Brough), has been four times champion of Humberdale, three times of Yorkshire, with the European title beckoning. The club's overall record is good, but the council is shifting its support to Alderman Clough's Sports Centre where the bowlers, it is rumoured, will be hot. As the membership slips, two local waitresses turn up for a giggle at the self-defence class. One, Louise (Jane Clifford), persists and is wearing a yellow belt by the interval, her friend Michelle (Gillian Tompkins), making an assured professional debut) graphically imagines trapping Richard Gere on the bouncy Geomat. The friends fall out. Louise's athletic prowess develops from resentment at tears and touch-ups; Michelle's response is to go nppmarket to an Italian restaurant and wear lacy cocktail skirts—not surprisingly, she is "spitstick" in the wrong sort of club. It is a mark of the play's cunning that while it is drawn in broad strokes of characterisation interspersed with violent bouts of convincing judo training, it is never patronising or simplistic. The girls first of all pose a threat to Andy's lover, their old school chum Sarah (Liza Sadovy). But Sarah, a policewoman who executes an impressive stomach throw, is a sporting widow before her time. Just when the show threatens to weaken into cliché, it is jolted back into pulsating visceral life, leading to a ferocious contest at the black belt gradings event for women which has displaced any interest we might have retained in Andy's international career. As



Liza Sadovy and Jane Clifford

Matthew, Mark, Luke and Charlie/Latchmere

Martin Hoyle

I must confess to puzzlement at Robert Gillespie's ready-eyed comedy at the comfortable little Latchmere pub theatre in remotest Battersea. It sets up a mouth-watering patterning of the crass and the fatuous and, after some promising jokes, leaves us famished for rhyme, reason and development. The spacious design of Andrew Frost and Susan Platt is marvellously evocative of executive London. John, an American film director in poncho, stetson and check shirt, and his script-writer Luke confer with wimpyly correct Matthew, toothily idiotic and headstrongly complaisant, tended by Charlie, an unflappable if slightly gormless (female) secretary. Two Americans, two Brits: if Mr Gillespie's aim is to show the former as the new colonisers, he succeeds; not that the natives offer any resistance. Matthew's function is unclarified. Possibly the owner of the property that the Americans want to film, he occasionally

Rodrigo Festival/Elizabeth Hall

Paul Driver

The third of four concerts in a series devoted to the music of the 85-year-old Spanish composer Joaquín Rodrigo was given on Monday evening by the Bournemouth Sinfonietta under Raymond Calcraft, who devised the programme for the festival (which also includes two recitals, the second to be given at the Purcell Room on Thursday by soprano Patricia Rozario and pianist Mark Trogan). The first of the four Rodrigo works to be heard is British première Música para un Jordin, a sequence of short, chamber-orchestral inventions composed intermittently between 1923 and 1957, supposedly evoking the seasonal changes of a garden. The tiny prelude, with its dainty tinkling, and the first of four berceuses, with its continuously held, throbbing string chord seeming to convey the beat of summer—but I can't be absolutely sure which berceuse was which season—were the most arresting parts. Falla's Pedrelliana (1938), the last movement of his Homage to his teacher, the composer Felipe Pedrell, afforded a brief but only moderately enlivening retreat from Rodrigo's music. Otherwise a sentinel auditor's ear was necessarily dumbfounded by a succession of pieces—the 1963 Canción nupcial, performed with elegant dulcinea by ladies of the Renaissance Choir and organist Derek Fry; the 1943 Concierto de noche, given with the composer's son-in-law Agustín Lecuara as somewhat over-insistent violin soloist; the leaden setting of Unamuno, Música para un códice salmantino for solo bass (Noel Mann), choir and instruments—so tame, tidy and cheap as to be virtually devoid of interest.

Hamlet/Public Theatre, New York City

Frank Lipsius



Kevin Kline

The Hamlet that Liviu Ciulei put on at Washington's Arena Stage in 1978 heralded the Romanian director's arrival in America. Taking his cue from the intrigues of the Nixon Administration, the production was enacted on the protruding ramparts of a besieged castle. Ciulei has repeated the Bismarckian uniforms in a new Hamlet at the Public Theatre in New York, but he has brought the production indoors. The scenes now take place amid rich carved furniture. The changes may be necessary for the more conventional Public Theatre stage; but they also reflect Ciulei's accommodation to an extraordinary Hamlet, played by Kevin Kline. Kline is carving a niche for himself as America's pre-eminent Shakespearean actor. Joseph Papp, who runs the Public Theatre, keeps him supplied with major rôles in outstanding outdoor summertime productions in Central Park. Kline makes familiar lines fresh. He delivers them with cadences that sound perfectly natural, but new. He speaks "to be or not to be" staring not at, but through the audience. He is not racked with indecision, just stoked at what others would do. Toward Rosencrantz and Guildenstern he shows open scorn, never seeming to lay traps, but getting to the heart of problems. Ciulei surrounds Hamlet with a fallow for his virtue. Harris Yulin is Claudius, weighed down in leaden pomposity. Compared to the Arena Stage version

where Richard Bauer played the king as a man learning the ropes, this Claudius was destined to be king because he could not live as anything else. Hamlet wrestles Priscilla Smith, a pliant Gertrude, down on her bed to force her to recognise the monster she lives with. Harriet Harris is a stately, pink-checked Ophelia who shares Hamlet's slothness, but loses her love by letting herself be used as a spy on him. The final confrontation takes place as though at a Victorian garden party, white wicker chairs strewn around in the duel between Hamlet and Laertes, who has returned in the black gloves and high leather boots of a Nazi uniform. Having recently relinquished his directorship of the Guthrie Theatre, Liviu Ciulei rounds out his American work with affection, admiration, and insights into the American character. Fischer-Dieskau cancels recital. Dietrich Fischer-Dieskau has had to cancel his Covent Garden recital this Sunday because he has influenza.

Griselidis/Opéra du Rhin

Andrew Clark

A visit to Alsace always brings its rewards: the food, the weathered landscapes and refreshingly un-cosmopolitan market towns are all part of its appeal, as are the quaint, dilapidated theatres. Opera has been given at the Théâtre Municipal in Mulhouse for more than a century. A product of the composer's mature years, Griselidis cannot claim to be a masterpiece, although it does have enough surface attraction to provide an undemanding evening's opera, as Westford discovered some years ago. Like Thais, it leaves one wondering how far his proud view of life and morality affected his development as a theatre composer. This production, staged by René Terrasson and conducted by Claude Schnitzler, does not quite succeed. In his contrived search for effect, Terrasson lurches from sentimentality to something bordering on farce. The colourful but earthbound décor by Daniel Ogier, and Terrasson's decision to clothe the action in the costume and manner of the original film, make the opera appear more dated than need be. In spite of some good ideas (such as the incorporation of contem-

porary poster design, and a strikingly Wagnerian flower garden) the overall effect was cheap. The devil—impersonated, with characteristic professionalism, by Michel Trempont—assembled a self-guarded folles bergères. The standard of acting among the rest of the cast was basic; many of the laughs came unintended. The Orchestre Symphonique du Rhin-Mulhouse relished the swelling tutti but was short on delicacy. The most engaging performance came from Tibère Raffalli, a Corsican tenor who was heard last season at Leeds. His handling of Alain's lyrically-charged outpourings breathed conviction if not always perfect evenness. I was unable to share his rapture over Griselidis: Hélène Goret's stout and oh-so-conventional, lacked the visual and vocal charisma for a role offering plenty of potential for the right singer. It was hard to recognise here the figure whose dimpled cheeks and baby-faced, cocooned authors and composers from Chaucer to Bizet, and whom Massenet bestowed with his own brand of period charm.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Mar 7-Mar 13

Saleroom/Antony Thorncroft

Eastern art out of favour

A copper gilt figure of the Bodhisattva Padmapani, a foot high figure made in Nepal around 1300, sold for £9,900 at Sotheby's yesterday. It had been bought from a monastery in Nepal in 1961 for very little: in those days the Himalayan Kingdom had not yet been commercialised by hippies and drug dealers. Even so, the price for a rare and finely modelled Buddhist figure was below the low estimate, indicating the selectivity demanded far Tibetan, Nepalese, Indian and South East Asian art. The three-session total was £235,840, but with 29.5 per cent unsold. Sotheby's had a good auction last summer in London, and another in New York. These seem to have exhausted demand from dealers, the main buyers. Apart from the Buddhist figure, there was nothing in the auction of outstanding quality and, as in many fine art markets in the past year, it is only items of the first rank which command high prices. Tibetan bronzes of the 18th century were a weak sector, with most lots going for around their low estimate. Metalwork and textiles were also disappointing, but Gandharan sculpture did well, and so did jade. The new auction market in Moghul sculpture was quite encouraging: a West Indian white marble stele depicting a female musician of around 1800 was not target at £2,750. Other high prices were £5,500 for an early Jain bronze group of 737 AD, and £4,950 (well below the estimate) for a large Deccan painted cotton cloth depicting Krishna and the story of his childhood. Basicially this is a sector where London acts as an entrepôt for overseas buyers. Phillips made £112,460 from an auction of Victorian pictures, with 23 per cent unsold. The top lot was "Shipping off a coastline" by Henry Redmond, painted in 1857 and depicting sailing boats in a choppy sea. It was sold for £21,000, at its top estimate. A boating scene by Frank P. Freyberg, assisted by Ernest Pile Bucknall, "A refuge in distress," showing a fox up a tree with the bounds baydog around £8,800, and an 1832 portrait of a pretty girl by Archibald Warren sold at the top estimate of £2,750. Another portrait, "L'Innamorata," a young lady gazing soulfully out to sea, painted by Henry Nelson O'Neil in the 1840s, almost doubled its first estimate. Sotheby's is showing its more charitable side by straggling a private treaty sale to keep the oldest Book of Hours associated with Scotland in that country. The National Library of Scotland, with the support of the National Arts Collections Fund, must raise £500,000 to keep the early 14th-century Murthly Hours in Scotland.

Perhaps the bravest man I ever knew...



and now, he cannot bear to turn a corner

Six-foot-four Sergeant 'Tiny' Citty, OCM, was perhaps the bravest man his Colonel ever knew. But now, after seeing service in Aden, after being bootly-trapped and ambushed in Northern Ireland, Sergeant 'Tiny' cannot bear to turn a corner. For fear of what is on the other side. He is the bravest man and woman from the Services that ever lived from mortal Ireland. For they have tried, each one of them, to give more, much more, than they could in the service of our Country. We look after these brave men and women. We help them at home, and in hospital. We run our own Convalescent Home and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others there is our 'Visitors' Home where they can see out their days in peace. These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help us with a donation, and with a legacy too, perhaps. The details are given by all of us. "They've given more than they could—please give as much as you can."

EX-SERVICES MENTAL WELFARE SOCIETY. Broadway House, The Broadway, Wimbledon SW19 1RL. Tel: 01-543 6553. Please find enclosed my donation for £5/10/25/50. Please send me further details about the Ex-Services Mental Welfare Society. Name (block letters) Address: Signature

Theatre

TOKYO Kabuki (Kabuki-za): Morning and evening performances feature mainly younger stars in a miscellany of dances and popular short plays. Tamasaburo Tono also appears. Excellent English programme notes and earphone commentary. Kabuki-za Theatre, near Ginza. (941 3131). Takarazuka (Takarakza): 10th St. phenomenon, the antithesis of Kabuki where all the roles are played by girls but with typical Japanese innocence and earnestness, is a must for visitors. Takarazuka performs elaborately staged and skilled musical adaptations of both Japanese and Western plays - also revues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings and casts. Detailed English summaries in the programme - in case the original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (561 1711).

42nd Street (Majestic): An inmodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Out to Buffalo with the appropriate brass and leggy hoofing by a large chorus line. (757 9026). Brighton Beach Memoirs (10th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211). A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theatre for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. La Cage aux Folles (Palace): With some bawful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manager, barely, to capture the feel of the sweet and hilarious original between high-kicking and gandy chorus numbers. (375 2928). I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleveo Little, who almost conquer the world when they think they are just hickering with each other. (239 8200). Big River (O'Neill): Roger Miller's music rescues this sedate version of Huck Finn's adventures down the

Mississippi, which walked off with many 1965 Tony awards almost by default. (246 0220). LONDON The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plumy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumblers, rat stew and rolling heads. (90 4028). As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a sweet-regarded adventure where Rosalind (Juliet Stevenson) as the sly sister of devotion of Celia (Fiona Shaw) threatened by Orlando (Hilou McRae). A superbly directed performance. The RSC's Barbican repertoire also includes a fine Othello with Ben Kingsley and in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (828 8783). Notes Off (Savoy): The funniest play for years in London, now with an improved third act, Michael Stake-up's hilarious (Juliet Stevenson) stage shenanigans on tour with a third-rate farce is a key factor. (836 8888). Starlight Express (Apollo Victoria): Andrew Lloyd Webber's sedate (Juliet Stevenson) 10 minutes of Spanghero movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dineyland, Star Wars and Cats are all influences. Pastiche score nods to

Handwritten text in a box: 3070 1127



**YOU MAY NOT HAVE HEARD ABOUT
OUR BANKING CONNECTIONS.**

At Systems Designers, we don't make a big noise about many of our business activities, usually for reasons of confidentiality.

Not many people know, for example, that well over half of the top 200 North American banks, as well as a good many broking and insurance companies, are connected to our US data centres.

Here in Britain, we've quietly become the most successful independent systems and software consultancy, as well as one of the top UK public companies.*

And we're still growing. We now employ some 1500 people in a dozen main centres throughout Europe and the USA.

Dealer information systems, videotex, robotics and artificial

intelligence are just some aspects of our leading-edge technology.

And we're also in markets as diverse as defence, process control and telecommunications.

You may not have heard about how well connected we are, but it's easy to see that our success is no secret.



SYSTEMS DESIGNERS PLC

*Times Top 500 November 1985.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY
Telegrams: Finartimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday March 12 1986

An excess of litigation

UNTIL recently American litigiousness was a trait that raised eyebrows in Europe but did not merit much comment there. It was as alien as American football is to rugby and it reflected some of the same differences in attitude—the desire in the US for precise analysis and adjudication, the readiness to commercialise, the rejection of such precepts as “it just isn’t done.”

The American legal system had and has an impressive aspect as well. It adds a perverse element of egalitarianism to America’s capitalist society because it allows the man in the street to tackle large corporations that have brought him to court, too, as a non-bureaucratic regulatory machine, making industry much more wary of exploiting the consumer or of selling him defective or dangerous products.

Tougher rules on price fixing

THE REVIEW of UK competition policy recently announced by Peter Chenon, the Director and Industry Secretary, is not yet attracting the attention it deserves. Comprehensive appraisals of competition policy are few and far between—the most recent was undertaken by a working party of the Department of Prices and Consumer Affairs in 1979-78. It is important that Mr Chenon’s review does much more than merely attempt to clarify the spate of City takeovers.

TODAY IS the day of reckoning in the international tin crisis for the London Metal Exchange. The world’s biggest and oldest metals market has demanded that trading companies who did business in tin pay their bills by noon.

There is every sign that almost all of them will, removing the threat of immediate bankruptcies. But with legal writs flying across the exchange that will hardly be an end to the most serious crisis in the LME’s 107-year-old history.

The LME will carry on paying for years to come for its involvement with the International Tin Council, the inter-government price pact which ran out of money in October owing some £900m to banks and metal traders.

And while the exchange bears the brunt, the impact of the tin council’s default is spreading far beyond the shell-shocked trading ring at Plantation House, Bank, which lent money to the ITC still has to extricate themselves. The world tin industry must adjust to a sudden collapse in prices. The value of other commodity prices is being questioned and the ITC’s 22-member governments, including the UK, face intense criticism over their role in the council.

International tin crisis

Paying the price of the market’s collapse

By Stefan Wagstyl

settlement price was wrong and that ITC contracts should have been honoured at their full face value. They accuse the board and committee of making up rules after the event.

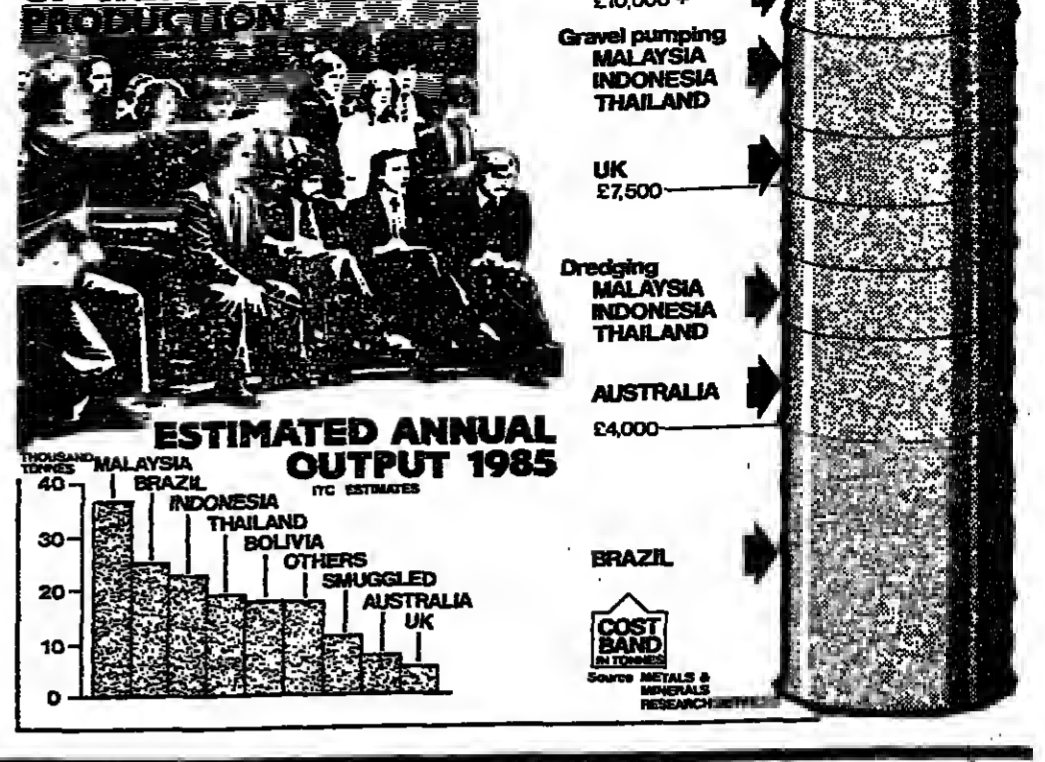
One of these is Shearson Lehman Metals, a ring-dealing member, which together with its New York parent company, Shearson Lehman Brothers, is suing the exchange over its decision.

ing. Mr Mike Metcalfe, a director of LME member Holco Trading and of its parent company E. D. and F. Man, says: “The exchange has got to get itself into the 20th century, even if it only beats the end of the century by a short head.”

At the SIB, which will ultimately have to approve the LME’s rules, the feeling is that the exchange needs to follow other London exchanges and virtually every other commodity market in the world in setting up a clearing house. At present ring-dealing members deal directly with each other as principals. In a clearing house system everybody deals

through a settlement company, which is meant to prevent the collapse of one trader from bringing down others.

COMPARISON OF OPERATING COSTS OF WESTERN WORLD TIN



ESTIMATED ANNUAL OUTPUT 1985



By comparison with the LME, the 14 banks which lent some £280m to the ITC will escape from the crisis relatively unscathed. They should cope easily with the losses—£100m if they have to sell the tin they hold as collateral at £4,000 a tonne.

At the SIB, which will ultimately have to approve the LME’s rules, the feeling is that the exchange needs to follow other London exchanges and virtually every other commodity market in the world in setting up a clearing house.

ing. Mr Mike Metcalfe, a director of LME member Holco Trading and of its parent company E. D. and F. Man, says: “The exchange has got to get itself into the 20th century, even if it only beats the end of the century by a short head.”

At the SIB, which will ultimately have to approve the LME’s rules, the feeling is that the exchange needs to follow other London exchanges and virtually every other commodity market in the world in setting up a clearing house.

Ontario’s gold miners

Peter Steen and Murray Pexim received a rich prize last week—one of Canada’s biggest and newest gold mines. The two men are chairman and vice-chairman, respectively, of International Corona Resources, the junior mining company which an Ontario judge decided is the rightful owner of a mine opened last year in the Hemlo area of western Ontario by the much larger Lac Minerals.

Lac has been ordered to hand over the mine to Corona, as well as profits earned from it, plus interest. The judge estimated the value of the damages at C\$700m.

Steen and Pexim are a study in contrasts. Conservative and soft-spoken, South African-born Steen, 55, began his mining career at the Byvoortzicht gold mine south of Johannesburg. Before joining Corona last year, he worked for Anglo American in South Africa, Zambia and North America.

Pexim, on the other hand, is one of Vancouver’s most flamboyant stock promoters, who has won and lost several fortunes since he left school to work in his father’s butcher shop in Toronto. In the forefront of efforts to develop the Hemlo gold field was early 1980s Pexim, 68, modestly told a reporter recently that “my goal is to have discovered more gold mines than any known man.”

Men and Matters

who has won and lost several fortunes since he left school to work in his father’s butcher shop in Toronto.

The description was not entirely analogous, Lord replied. It implied that the civil servant was carrying out a minister’s instructions.

What Lord, the former chief executive of Dunlop, hopes to do is to lift the burden of day-to-day matters from the chairman and his two deputies, elected from the Lloyd’s market, allowing them to spend more time on key issues.

Miller has made no secret of the fact that he regards his role as an executive one within the market, a matter which drew him into conflict with Davison.

Lord stood throughout the conference, answering questions quietly, as befits a former civil servant, whereas Davison used to sit, firing at them machine-gun fashion.

Questions about who really is in charge of Lloyd’s were avoided by the Whitehall manner. Yes, Lord said, relations between him and the former chairman of Lloyd’s, Peter Miller, were amicable.

Lean times

Kjell-Olof Feldt, Sweden’s finance minister, has decided that the country would be better served by leaner, hungrier businessmen.

In the hunt for ways to finance improved welfare benefits—this time to raise child allowances—the end of the year to tax deductions available for expense account meals.

If the finance ministry has its way the meagre tax deductions now available for business lunches will also be applied from the end of the year to evening dinner—a meal which has previously been treated with a little more latitude.

Feldt’s Bill presented to the Swedish parliament yesterday, says that the government’s corporate taxation committee has concluded that “allowances for entertainment in some cases encouraged a largesse that

Bank rates

Less than a year after appointing its first banking supervisor, the Government is to start looking for a replacement. Richard Whitford, 43, who left Allied Bank International in London to take up the newly created office last May at a salary of £29,500, has just handed in his resignation.

The Guernsey authorities are a little anxious about how much they will have to pay for his successor. When Whitford was appointed, his boss on the island, commercial relations adviser, Bruce Riley, was only getting £22,000 a year and had to be given a hefty rise to put his pay above that of the newcomer.

The local income tax administrator and his assistant were also given big increases to match Whitford’s salary.

BEAT THE BUDGET! INCOME TAX RELIEF 1985/6 & 1986/7. WILL THE BUDGET CUT ASSET BACKING? Apply now for one or both of Baltic's asset-backed BES issues. OVER £2,000,000 NOW SUBSCRIBED. CHARLOTTE STREET RESTAURANTS PLC. City Shops PLC. ASSET MANAGEMENT LIMITED. 25/26 Albemarle Street London W1X 4AD 01-493 9699

UK TAKEOVER BATTLES

Bulls shake the china shop

By Martin Dickson

THE USUALLY urbane voice of the merchant banker quivered with anger. "The time has come," he said, "to shoot a few of these blighters on the quarter-deck—and I mean shoot, not a gentle little tap on the knuckles."

The language may be a trifle melodramatic, but it expresses a concern widely felt in the City: that the tactics now being pursued in takeovers—such as rule bending and black propaganda—are putting great strain on the delicate and widely respected framework which governs bid battles.

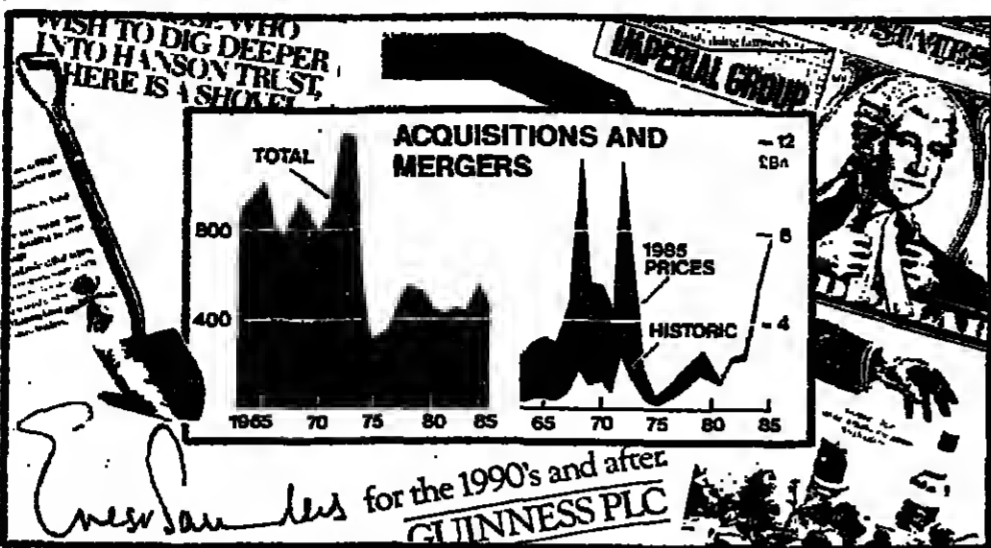
This concern has been highlighted by a spate of recent incidents. This week, for example, a row has broken out over alleged "dirty tricks" in the fight for Distillers, the spirits group trying to ward off a £2.4bn bid from Argyle.

More seriously, both the Stock Exchange and the Bank of England have recently had to issue new conduct guidelines in response to a remarkable spate of share buying on behalf of clients by Morgan Grenfell, the most aggressive of financial advisers to companies in takeovers.

The fear is that all these shocks to the system could push Britain down the road that ends in a formal, legalistic framework for takeovers, like that of the US.

Yet, with the possible exception of the legal profession, there are few in the City who would wish to see that. The present British system is far more flexible and more open to persuasion. The great merit of the system, say those who use it, is its informality, speed and flexibility.

Takeover tactics have become increasingly ferocious for several years, but many observers have detected a more fundamental change in the past few months, resulting from the extraordinary boom in bids for very large companies.



The biggest of these, and the most aggressively fought, are the three-cornered and similar fights for Distillers and for Imperial Group, the tobacco, brewing and food business. Imperial has agreed to be taken over for £2.4bn by United Biscuits—a company less than half its size—but is fighting a rival bid from Hanson Trust, the industrial conglomerate that is one of Britain's most expert practitioners of the art of the takeover.

These battles have highlighted three major areas of concern for City regulators. First, protagonists are increasingly prepared to stretch the rules laid down for the conduct of takeovers in their limit, and beyond. Many of these incidents might appear trifling to those outside the hot-house atmosphere of the banks' corporate finance departments, but cumulatively they create a trend.

Some have more serious implications, such as Morgan Grenfell's recent expenditure of \$540m to buy shares in target companies on behalf of its clients United Biscuits, Guinness and Rank Organisation, which has launched a bid for Granada.

The purchases raised the issue of banking financial prudence, since Morgan's last declared net worth was only £174m. The Bank of England intervened and imposed tighter rules on such buying to limit a bank's exposure to any one company.

In the case of United Biscuits, the purchases also raised the issue of corporate financial

prudence, since United, with a net worth of just £410m, had indebted Morgan for any losses on shares worth £360m. This time the Stock Exchange intervened. It has a regulation saying that companies spending more than 25 per cent of net worth on an investment must first consult shareholders. Indemnity agreements were not specifically included in this rule, so the Exchange had to bring in new regulations.

Equally controversial is Morgan's involvement in a unique deal under which Distillers has agreed to pay Guinness's costs in mounting its bid, which could total £50m. Creative deals such as these have become the hallmark of Morgan, which has risen to prominence in corporate finance through cultivation of fast-growing aggressive companies.

Success has bred further success—though in recent months Morgan's star has shone less brightly, as it has been on the losing side in six takeover battles.

But Morgan is not alone in testing the system to the full. Merchant banking gentlemen generally have become not just players, but gamblers. "Two or three years ago," says one practitioner, "observed the spirit of the takeover code and Stock Exchange rules and feared the two bodies. Nowadays the form is not to consult them, if you're thinking of doing something marginal, but to just go ahead, knowing the authorities will be too feeble to do anything."

At the same time, companies are more and more prepared to take to the courts and this is introducing *de facto* a more legalistic atmosphere to bid battles. Hanson Trust, for example, is suing Imperial for defamation. A second concern of the City authorities is the quality of information—particularly advertising—provided by companies. The current wave of bids has produced a heavy volume of newspaper advertising, much of it copy knocking the rival company's record. Fact twisting has been developed into a high art.

A third area of concern is the activities of public relations companies, which have assumed a much greater importance in takeover battles in recent years and are often far less restrained than merchant banks in their dealings with the media. Propaganda about the opposing camp.

Behind these trends lie a complex set of factors. One is the competition engendered by the move of the City towards next October's "Big Bang"—the abolition of minimum commission and of the distinction

between the broker and the jobber. The cosy old relationship between a merchant bank and its client is being replaced by a more fluid one, with banks approaching new customers with ideas for "one off" take-over deals.

That, coupled with the fact that some very powerful personalities are running the companies involved in many bids, may have altered the relationship between the bank, the company and the PR.

"It can be difficult for a banker to restrain these egomanias," says one, "particularly with advertising campaigns."

A further twist has been given to the trend by many of the latest takeovers involving smaller companies bidding for larger ones. This has created new technical problems—for example, Morgan's controversial share buying was designed to keep huge sums of United's balance sheet.

It has also intensified the financial pressures for victory. In the bid for Distillers, Argyle and Guinness have broken with City convention and arranged their fee structures so that the underwriters of their offers get paid much more if the takeover succeeds than if it fails.

All this does not necessarily mean that the British self-regulatory takeover system is in mortal danger, but many are concerned about the trend and believe that matters might be improved by a vigorous show of force on the part of the Panel and Stock Exchange, possibly by singling individuals or firms out and making examples of them.

The issue has implications that go beyond takeover battles as such. There is a political dimension: in the wake of the Johnson Matthey and Lloyds scandals, and concern about rocketing City salaries, the Square Mile could do without handing more ammunition to critics.

And closer to home, the more aggressive tactics of the takeover specialists could have a knock-on effect on City standards at a time when the entire framework is being placed under immense pressure by Big Bang.

The City is based on a common law heritage, said one senior regulatory official this week. "If the corporate financiers go around acting like bulls in a china shop, that is capable of shaking the wider structure."

A social dividend

From Mr M. Slavov. Sir,—I read in the *Lombard* (March 10) that Professor Dore's "depressing but convincing" argument that, as the headline put it, "Only the clever get to work" in future. The basic point seemed to be that more and more people will become income tax payers, and that would mean a higher basic income provision felt necessary by society.

I want to pick up part of Professor Dore's solution, which you referred to as an "extreme" example: the provision of welfare payments to everyone, whether in work or not.

This seems to me to be a startlingly radical, but most effective, solution to the problem as stated. It separates the need for income (to survive) from the need to work (for dignity). If everyone had a basic income, as of right, then those not able to find work with enough income could still work for some extra income. This would be much the same as sections of the black economy now, but without the DESS "smoozers". On the other hand, those earning high enough extra income could pay back the DESS, either in income or in tax.

A particular attraction of this solution is that it would extend the role of the Inland Revenue, which is, by and large, good at its job, and curtail that of the DESS, which is by and large, not. The DESS could revert to dealing with exceptional need, which it would manage better.

The in-pharse nowadays is "social capitalism". The idea of a social dividend has been around, in one form or another, for many years: the idea of a social dividend is rather newer. The payments could be made

Letters to the Editor

directly from the profits of industry. This is only a matter of how the Treasury keeps the books. If it developed into a proportion of profits, it would make for universal interest in the profitability of industry. Michael V. Slavov, 30 Greenholm Road, SES.

The butt of all criticism

From Mr A. Elliott. Sir,—Not many teachers take the *Financial Times*; their income tells against the habit. The two pieces appraising Sir Keith's long-term and "radical" aims (March 8) deserve comment by me. Will I do—after 30 years in both independent and local authority schools?

The general impression conveyed was that education should consist of training for jobs to increase or maintain material prosperity, and that it fails to do so; that technology, omeracy and literacy, and efficient behaviour are all (en masse) ignored or belittled by teachers in favour of an approach which is at the same time over-academic and arrogantly moralistic; and that if parents on the one hand and the national government on the other, bring the pincer movement of their right thinking (apparently unanimous) to bear on naive teachers, all may yet be well.

Teachers are now the butt of all criticism levelled by a society which cannot find the answers to its problems, in its homes or in the economy. We

are browbeaten, depressed and down-graded. But we still try to help children to think. The two writers perpetrate a dozen myths, which, sadly, will be believed, and at the same time use staggeringly self-contradictory arguments and brash assumptions which no sixth former would dare to employ in an essay for a respective teacher. They would force Socrates into early retirement, to save on hemlock. A. F. Elliott, Mill House, Felin Cruf, Brecon, Powys.

Views on public relations

From the Chairman, Exel Consultancy. Sir,—Curious. After being quoted in *Daily Chorus* (March 10) article on the performance of public relations consultancies (Management Page, February 27) I had two kinds of phone call. The first, mostly from "successful" PR practitioners, claimed that PR has never been healthier, executives never more clever, and clients never more contented. Everything that needed to be done to maintain standards was being done and what was I doing to rock the boat? The other, mostly—though not entirely—from users said something like: "At last, someone put into words what a lot of us have been concerned about. It needed to be said."

I endorse, with the greatest enthusiasm, Antony Snow's determination to make stan-

dards rise at a time of increasing uncertainty (March 6). Hence my readiness to comment on what I judged to be a hazardous communication should identify and eradicate without delay.

What am I helping to create "thoughtful and practical programmes", building specialist groups ("cellular teams" if you must); biling graduate trainees; employing more efficient training methods; and recruiting from the professions. A lot of people aren't.

Interestingly, my quotes first appeared in an article I wrote for the newsletter of the Public Relations Consultants' Association. On that occasion, I had only expressions of support and approval. It seems then that it might be the medium not the message that stirred so much wrath.

I would have thought the larger and more influential readership of the FT might have responded very positively to signs that the public relations business was not complacent about its current bullish situation and was continuing to make determined efforts to further improve its increasingly essential services. Frank Edwards, 4 Bowdrie Street, EC4.

Looking at the map

From the Managing Director, Metal Bulletin. Sir,—W. N. Green (March 4) is reading the wrong map. The roots of the debate as to whether manufacturing in the UK is really necessary lie a lot further south than Watford as well as a lot further east than Greenwich. T. J. Tarring, Park House, Park Terrace, Worcester Park, Surrey.

PLESSEY HOTLINE PLESSEY H

Royal Navy sales reach £250 million in a year

Plessey has just received a contract worth over £20 million for advanced 3D radars for the Royal Navy. This brings the total value of Plessey Royal Navy orders over the past twelve months to £250 million.

The latest order is for a further batch of Type 996 radars, built to the same specification which two years ago won Plessey the supply of advanced three-dimensional surveillance radars to the Royal Navy, against international competition.

Says Sir James Blyth, Plessey managing director: "In opening the traditional suppliers of this type of naval radar, we were able to draw on our considerable export experience and impressive research and development facilities. "Type 996 will give the Royal Navy an outstanding increase in operational capacity."

First deliveries are scheduled for this year. For Plessey, the order caps a year of significant Royal Navy contracts for systems and equipments ranging from sonars for submarines and surface ships to advanced radars, displays and decoys.

These successes have recently included a £7 million contract for a new generation of modular display consoles as part of the Computer Assisted Command Systems, also for the Type 23 frigates. This reflects the Plessey position as principal manufacturer of Royal Navy display systems. In virtually all naval areas, Plessey electronic systems represent the very latest in state-of-the-art defence technology, and increase the

company's opportunities to add to its already considerable exports to navies abroad.

Three motorway systems contracts

The Department of Transport has awarded Plessey three contracts for the maintenance of motorway signs, signals and communications systems on sections of the M1, M2, M3, M4, M11, M20, M25 and M27 in the South East of England. They cover the maintenance of virtually all equipment on and alongside some 300 miles

of motorway and in nine control centres. This equipment has been supplied and installed by several other manufacturers as well as Plessey. The customer services division of Plessey Controls Limited, which will handle the work, deploys some 200 engineers throughout the UK on the maintenance of traffic control systems. Plessey is a world leader in the design, manufacture and installation of computer and electronic systems for road and rail. In 1985 it installed more computer-controlled road traffic systems in Britain than any other company.

Savings of over £200,000 have been made by Devon and Cornwall Constabulary within a year of installing a Plessey digital communications network. Seven IDX systems in the constabulary's near 4,000 square mile area are interlinked by private circuits, allowing desk-to-desk calls by the police throughout the network without the need and expense of British Telecom's public network. The Plessey IDX system is the basis of the new family of Plessey ISDX digital exchanges.

Technology is our business.

PLESSEY the Plessey symbol, IDX and ISDX are trade marks of The Plessey Company plc.

The sale of seven nationalised industries

From Dr C. Veljanovski. Sir,—Dr McDonald's calculation ("How the taxpayer has lost out" February 26) purport to show that the taxpayer has lost almost £1.5bn from the sale of nationalised industries. The basis for her calculations are unacceptable for several reasons. The scale of undervaluation of shares cannot be measured by comparing the difference between share prices today and the increase in the FT Index and the issue price. It must be measured by what could have been obtained at the time of flotation taking into account market conditions and the performance of the company.

Nonetheless, Dr McDonald's calculation could well measure the loss to the taxpayer but not in the way she would wish. The better performance of these companies after privatisation may not reflect the fact that the shares were initially under-

priced but that the profitability and efficiency of these companies have increased dramatically and as a direct result of being privatised. If this interpretation is correct then the money that she regards as a loss to the Treasury was simply not in existence at the time these companies were floated. But she is quite correct in arguing that they measure a loss to the taxpayer. If these gains are due to better management and efficiency brought about as a direct result of privatisation then the taxpayer as an implicit shareholder of these companies who they were nationalised was losing a considerable amount of money. The loss that Dr McDonald has in fact estimated is the inefficiencies of the nationalised industries which have been transformed into profits by privatisation.

Even though Dr McDonald's analysis is deeply flawed it does

not mean that public assets were not undervalued. Her calculations combine the effects of improved efficiency due to privatisation and undervaluation. But in interpreting the evidence several points must be borne in mind. Shares issued by the fixed price method for private companies usually sell at a substantial premium when they come on the market. So the real extent of the undervaluation of public assets is the difference between this premium and the actual price. The Government's desire to spread share ownership by favouring the small shareholder means that the shares will have to be underpriced to encourage the individual investor. The wider the share ownership, the less it can be argued that there is a net loss to the average taxpayer. This point applies with equal force to the institutions which Dr

McDonald seems to have little time for. Pension funds and insurance companies invest on behalf of an extremely large number of taxpayers. So the net redistributive effects are not as severe as the calculations state even if we accept that they measure a loss in some real sense.

I suspect Dr McDonald presents us with a confused piece of statistical evaluation which if correct implies the opposite of what she is arguing. That if her calculations measure a real loss it is the loss of nationalisation not privatisation. If the shares have been underpriced to encourage wider shareownership then the average taxpayer may have suffered very little net loss relative to the scheme which would have maximised the Treasury's revenue. (Dr Cezar Veljanovski, University College, London, Barnham House, Endsleigh Gardens, WC1.

The world economy

Why Gramm-Rudman misses the point

By John H. Makin

THE GRAMM-RUDMAN zero-deficit-by-1991 plan has caused the US to become increasingly preoccupied with its own problems at a time when the world economy needs its attention more than ever. What will become of President Reagan's defence "build-up"? Will it accede to higher taxes to sustain it? Will the Great Society be dismantled? These are all important questions, but they are no more important than continued expansion in a world economy that is short on new options and long on debt.

It is inappropriate for the world's largest economy to be so preoccupied with the effects of its own actions upon itself. The Gramm-Rudman prescription, constitutional or not, could produce some dangerous side-effects on the world economy. The fiscal engine on the American locomotive is being throttled down and the throttle lever is being locked on "slow" until 1991. Avoiding a global slow-down will require some offsetting stimulus from other G-5 countries. Each will want to fashion its own blend of measures designed to minimise the conflict between domestic and international policy goals.

The world economy cannot stand a combination of more rigid exchange rates, labelled as either target zones or a gold standard, and an American economy with a rigid contractionary fiscal policy. With America's fiscal policy set on a less expansionary path, the remaining degree of freedom to co-ordinate its policy would fall to the monetary authority. A tighter fiscal policy, as would be implied by conditions required to achieve Gramm-Rudman targets, should result in a gradually declining real interest rate and continued depreciation of the dollar, barring major policy changes abroad.

And closer to home, the more aggressive tactics of the takeover specialists could have a knock-on effect on City standards at a time when the entire framework is being placed under immense pressure by Big Bang.

The City is based on a common law heritage, said one senior regulatory official this week. "If the corporate financiers go around acting like bulls in a china shop, that is capable of shaking the wider structure."

World countries in the industrial world to try to preserve their competitive edge, provided that US monetary policy remains aimed at stable or falling inflation, they would pursue more expansionary monetary policies to attempt to redeprioritise their currencies against the dollar. As a result, there arises the possibility that at some time during the next

premium price for gold can be very inflationary in itself. It is also important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy heavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprehensive programme of non-inflationary demand management worldwide. Tying themselves to exchange rate targets will only complicate the task and consume energies better directed at avoiding a world recession that would spell disaster for debtors and creditors alike.

The author is Director of Fiscal Policy Studies at the American Enterprise Institute, Washington.

It is important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy heavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprehensive programme of non-inflationary demand management worldwide. Tying themselves to exchange rate targets will only complicate the task and consume energies better directed at avoiding a world recession that would spell disaster for debtors and creditors alike.

The author is Director of Fiscal Policy Studies at the American Enterprise Institute, Washington.

It is important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy heavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprehensive programme of non-inflationary demand management worldwide. Tying themselves to exchange rate targets will only complicate the task and consume energies better directed at avoiding a world recession that would spell disaster for debtors and creditors alike.

The author is Director of Fiscal Policy Studies at the American Enterprise Institute, Washington.

It is important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy heavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprehensive programme of non-inflationary demand management worldwide. Tying themselves to exchange rate targets will only complicate the task and consume energies better directed at avoiding a world recession that would spell disaster for debtors and creditors alike.

The author is Director of Fiscal Policy Studies at the American Enterprise Institute, Washington.

It is important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

A slowing world economy heavily burdened with debt needs more policy options, not fewer. When the heads of central banks and finance ministers come to Washington in April for the Bank-Fund Interim Committee meetings, they should broaden the Baker Plan initiative into a comprehensive programme of non-inflationary demand management worldwide. Tying themselves to exchange rate targets will only complicate the task and consume energies better directed at avoiding a world recession that would spell disaster for debtors and creditors alike.

The author is Director of Fiscal Policy Studies at the American Enterprise Institute, Washington.

It is important to recognise that if fiscal policy constrained by the desire to achieve a zero deficit goal is accompanied by a move toward flexibility of exchange rates, then monetary authorities will have to be essentially passive. A given set of exchange rates will require distribution of the quantity of moneys around the world roughly proportional to real growth rates. Faster-growing economies can have faster money growth, and slower-growing economies can have slower money growth. The temptation of slow-growing economies to employ faster money growth as a means to stimulate the economy or to relieve the burden of heavy government debts will require either similar policies to other nations or steady depreciation (inflation) of the currencies of the slower-growing economies.

The conclusion is that a combination of stringent targets for fiscal policy and exchange rate flexibility reduces the discretion of the monetary authority at a time when more discretion may be desired. Exchange rate flexibility therefore requires binding constraints on the separate actions of national monetary authorities. The history of international monetary arrangements since World War II and in fact during the three centuries when nations have continually guarded the right to print their own money has been that nations simply will not abide by externally imposed constraints on the conduct of monetary policy.

ANXIER electronic wire and cable Telephone: 01-568 1681 Telex: 291308

FINANCIAL TIMES

Wednesday March 12 1986

THE TWO TYCOONS CHARLES GORDON hamish hamilton £5.95

Decision to limit Soviet presence reflects conservative American distrust of UN organisation

Soviet UN overstaffing 'threatens US'

THE REAGAN Administration's demand that the Soviet Union reduce its staff at the United Nations by 100 has drawn an angry response from Moscow...

more importantly, that "it poses a threat to US national security." The Reagan Administration has told the Russians to reduce their staff to a maximum of 170 by April 1, 1986.

away, so a comparison with the much larger Soviet staff may not be entirely valid. Still, China manages with a complement of 118 and Chinese diplomats at the UN are probably no less busy than their Soviet counterparts.

between the US and the Soviet Union. However, there is no doubt that the unprecedented US action is a cause for deep concern in Mr Perez de Cuellar's office...

According to UN authorities, the Headquarters Agreement, under which the US gave the UN a measure of extra-territoriality when it set up house in New York...

Setback for UK financial reforms

THE UK Government is running into fresh political difficulties over the Financial Services Bill following a refusal yesterday by Mr Michael Howard, the Conservative and Consumer Affairs Minister...

His statement angered opposition Labour MPs and has increased the chances of further Conservative backbench pressure aimed at securing explicit statutory authority for the SIB...

At a private meeting on Monday night, the two backbenchers failed to persuade Mr Howard to accept the amendment. They believe that statutory recognition for the SIB is essential if it is to be effective and respected by the public and the financial institutions.

Mr Smith has now proposed an amendment which would add to the bill a new schedule which also names the SIB and defines its constitution and membership and specifies arrangements for appointing staff and financing itself through overdrafts repaid out of fees charged to investment businesses.

French construction group suffers FFf 1.75bn losses

BY PAUL BETTS IN PARIS SCREG, France's second largest construction group, suffered a higher loss than expected, of FFf 1.75bn (\$250m), last year, plunging the company's net worth into a deficit of FFf \$58m.

EEC may ease MFA controls

THE European Community is prepared to permit developing countries' slightly easier market access for their textiles and clothing.

Trade ministers yesterday settled a detailed mandate on which the European Commission will negotiate a renewal of the Multifibre Arrangement (MFA), which controls the great part of world textile and clothing trade between developing and developed countries.

Big UK companies hit by high incidence of employee fraud

BY CLIVE WOLMAN IN LONDON ABOUT 40 per cent of large UK companies have suffered at least one fraud of more than £50,000 (\$13,000) over the last 10 years, a Government-sponsored survey into commercial fraud suggests.

The survey, published yesterday, is based on questionnaires and interviews carried out last September with the senior executives of a sample of 56 companies from the FT Actuaries All Share Index.

US to act on counterfeiting

THE REAGAN Administration will soon propose new legislation to strengthen protection of intellectual property rights - patents, copyrights and trademarks - because counterfeiting and piracy are now costing US business an estimated \$8bn to \$20bn a year.

Manila debt talks open

Continued from Page 1 tranches of \$230m of the existing facility should be released.

EEC warning on need for new budget cuts

Continued from Page 1 ceiling of 1.4 per cent, instead of the former limit of 1 per cent. The contributions amount to that percentage of retail sales of a given basket of goods and services in each member state, and represent the maximum available, on top of customs duties and levies.

World Weather

Table with columns for location, temperature, and weather conditions for various global cities.

RELOCATING? EXPANDING? SHARE IN OUR SUCCESS

IT'S WHAT WE'RE CUT OUT FOR. Send for the Clwyd fact pack. Clwyd is a county built on success as over 200 new, growing companies can testify.

Clwyd is a county built on success as over 200 new, growing companies can testify. The benefits we can offer include an unbeatable financial package (cheap loans, cash grants, rent free periods, factories from only £1.30 per sq. ft. etc), an Enterprise Zone, technology park, green field sites and fully serviced land.

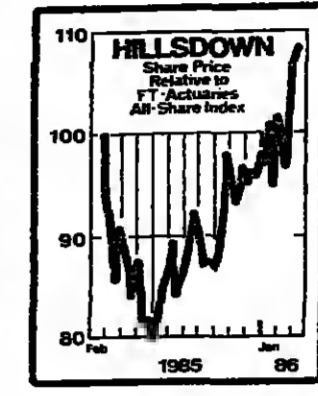
For further information contact The Clwyd Industry Team, Clwyd County Council, Shire Hall, Mold, Clwyd CH7 6NB. Tel. 0352-2121



THE LEX COLUMN

Biscuits today, jam tomorrow

There is a not altogether comforting familiarity about the 1985 results of United Biscuits, which will give UB's own shareholders plenty to chew on before they decide next week on the wisdom of allowing their management to push ahead with its offer for Imperial.



out on the rate reductions other bond markets have seen, a base rate cut is still expected on or soon after budget day next Tuesday and discounted.

Vickers Shipbuilding

Spare a thought for poor Trafalgar House. Last year, when Westland was but a small mechanical engineer on the verge of collapse, Trafalgar took a look at Vickers Shipbuilding and the Government's invitation. This year, with Westland a by-word for industrial-political embarrassment, Trafalgar has lost the competition for Vickers despite tendering what looks like a higher bid.

Bond markets

A set of UK money figures provisionally free of distortion, a rarity in itself, might be expected to show what is really happening in that part of the economic forest. But ungrateful economists banker for a trend and stockbrokers had perhaps forecast the numbers for banking February too well for the markets to pay much attention to them.

Manila debt talks open

Continued from Page 1 The release of the \$230m from the IMF would trigger the disbursement of the final instalment from the "new money" package from the commercial banks totalling \$350m.

EEC may ease MFA controls

THE European Community is prepared to permit developing countries' slightly easier market access for their textiles and clothing.

Big UK companies hit by high incidence of employee fraud

ABOUT 40 per cent of large UK companies have suffered at least one fraud of more than £50,000 (\$13,000) over the last 10 years, a Government-sponsored survey into commercial fraud suggests.

US to act on counterfeiting

THE REAGAN Administration will soon propose new legislation to strengthen protection of intellectual property rights - patents, copyrights and trademarks - because counterfeiting and piracy are now costing US business an estimated \$8bn to \$20bn a year.

EEC may ease MFA controls

THE European Community is prepared to permit developing countries' slightly easier market access for their textiles and clothing.

Big UK companies hit by high incidence of employee fraud

ABOUT 40 per cent of large UK companies have suffered at least one fraud of more than £50,000 (\$13,000) over the last 10 years, a Government-sponsored survey into commercial fraud suggests.

US to act on counterfeiting

THE REAGAN Administration will soon propose new legislation to strengthen protection of intellectual property rights - patents, copyrights and trademarks - because counterfeiting and piracy are now costing US business an estimated \$8bn to \$20bn a year.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Wednesday March 12 1986

FEB
MANUFACTURERS & SUPPLIERS
OF BUILDING & CHEMICAL PRODUCTS
FOR THE CONSTRUCTION INDUSTRY.
FEB INTERNATIONAL PLC
Albany House, Swinton Hall Road, Swinton,
Manchester M27 1DT. Tel: 061 784 7411

Lovell
BICENTENARY
Two centuries strong
and building
1786-1986

US brokers announce corporate insurance plan

BY TERRY DODSWORTH IN NEW YORK

TWO of the leading insurance brokers in the US plan to tackle the critical shortage in corporate liability coverage by bringing together an underwriting syndicate backed by some of the country's leading property and casualty companies.

The project has already received the backing of Aetna, the largest quoted US insurance group. Several other property and casualty companies, including Cigna, Travelers and Chubb, have confirmed that they are also considering membership.

participating insurance companies in the syndicate would be undertaken by a central organisation on their behalf.

This co-ordinating body would settle and adjust claims, with each participating organisation being responsible for a set proportion of claims and premiums. Disputes between policy-holders and insurers, an area which attracts considerable litigation, would be settled by arbitration.

Mr Newhouse and Mr Richard Meyer, senior vice president of Johnson & Higgins, listed four main advantages.

First, the syndicate would offer clients a common form for all their cover between \$25m and \$100m. At present, customers are buying insurance in this part of the market from different insurers, all of whom are writing it under different terms.

El-Sayed debt was guaranteed by Volvo

By Kevin Done, Nordic Correspondent, in Stockholm

VOLVO admitted yesterday that it had agreed to act as guarantor for part of the personal debts accumulated by Mr Refaat El-Sayed during the collapse of the ambitious co-operation pact planned between Volvo and Fermenta, the troubled Swedish biotechnology and fine chemicals group of which Mr El-Sayed is majority shareholder.

Volvo pulled out of the deal - which was to have given Fermenta the leading position in the Swedish pharmaceuticals and biotechnology industry - in the middle of the turmoil that followed Mr El-Sayed's disclosures that he had lied to investors about his academic credentials.

Ann Charters on industry's problems following Brazil's economic reforms
Businesses struggle to adjust

SUPPLY PROBLEMS and price disputes have already erupted in some sectors of Brazilian industry as the dust begins to settle on last month's economic and monetary reform package.

Brazilian business, while generally optimistic that the package has a fighting chance to halt the country's exploding inflation rate, is still reeling from the changes, on which clarification is expected in a few days.

Pricing and payment terms are proving to be the most contentious area so far. Until February 28 companies worked on the assumption that inflation during the year would reach between 300 and 400 per cent, perhaps higher.

month but also a discount for cash payment. They say prices frozen last month already had a built-in inflation factor of about 15 per cent that should be discounted.

Rather than give in, some suppliers, particularly in the vehicle parts industry, have suspended deliveries. Mercedes Benz, Brazil's largest buses and trucks maker, suspended operations in some areas with employees taking mandatory vacations because of lack of parts.

The owner of an auto parts company described the impasse as a matter of survival for some companies. "If a company didn't have its receivables balanced with payables going into the freeze, it's in trouble."

faced with either absorbing the cost rises or suspending production if agreements cannot be reached with suppliers.

On prices, difficulties vary, depending on the industrial sector. Before the reform measures companies were allowed price increases every few months, so those companies which had just received increases had more of a cushion going into the price freeze than those which had their last price rise months earlier.

Another problem is the new wage indexation system, giving workers automatic rises if prices increase by 20 per cent. An immediate bonus for some employees and an overnight jump in the minimum monthly wage from the equivalent of 600,000 cruzeiros (US\$3.48) to 800 cruzeiros (US\$5.77) hits some companies harder than others.

mand deposit without it deteriorating in value overnight.

Of course, what is good for the companies has squeezed some financial institutions that previously made big profits from funds invested in high-yielding government securities. Before the economic reform, it was common to earn 15 per cent a month, plus monetary correction for inflation an overnight deposit in financial markets. This gave an annual yield of 280 to 282 per cent.

To capture these funds banks built large branch networks and installed sophisticated computer systems. Now these investments will have to be re-examined.

NordLB lifts earnings 13.6% and again maintains dividend

BY JOHN DAVIES IN FRANKFURT

NORDDEUTSCHE Landesbank (NordLB), one of the largest of West Germany's regional publicly owned banks, increased its operating earnings last year and is maintaining its dividend.

Operating profit of the Hanover parent bank, including earnings from its own trading activities, rose 13.6 per cent to DM 385.6m (\$178m). The group, including Landesbank operations, the Bremer Landesbank and home-building savings banks, showed a similar increase in operating profit to DM 719m.

For the third year in succession, NordLB is paying a 4 per cent dividend to its shareholders - the state government of Lower Saxony, (60 per cent) and local savings banks (40 per cent).

certificates totalling DM 134m. Dr Thiemann said this was an important step towards covering NordLB's medium-term capital needs of about DM 300m.

Olsen trebles pre-tax profits

BY FAY GJESTER IN OSLO

NORWAYS Fred Olsen shipping group more than trebled pre-tax profits by its three stock exchange listed companies last year to a total of Nkr 612m (\$85m) from Nkr 170m a year earlier.

Shareholders in each of the three are getting a one-for-one scrip issue and unchanged 20 per cent dividend.

ed substantial profits on share trading by each of the three companies. Profits before extraordinary items were in each case sharply down on a year earlier as forecast.

Oriflame plans dividend rise

ORIFLAME, the direct sales cosmetics group listed in London, reports higher profits for 1985 and plans to increase its dividend.

\$90m charge dents oil service group

By Our Financial Staff

FURTHER EVIDENCE of the problems in the US oil service industry emerged yesterday when Newpark Resources, a New Orleans energy products and services concern, announced charges of about \$90m against 1985 earnings.

Bergen Bank boosted by growth in lending

BY OUR OSLO CORRESPONDENT

BERGEN BANK, Norway's third largest commercial bank, achieved record operating profits last year of Nkr 656m (\$91m), before loss write-offs, compared with Nkr 535m in 1984. By the end of the year total assets amounted to Nkr 42.4bn - Nkr 9bn higher than a year earlier.

count on the market price, instead of cash. Interest margins were under pressure last year, partly as the result of keen competition and partly because of government measures, and the bank's net interest income as a proportion of total assets fell to 2.88 per cent, from 3.24 per cent. Interest costs rose by Nkr 711m to Nkr 3,368m - an increase that was in proportion to the rise in total assets. Interest and commission income did not rise at the same pace, however.

Superfos hit by losses at US unit

By Our Copenhagen Correspondent

SUPERFOS, the Danish-based chemicals, feedstuffs, packaging and construction group, suffered greatly reduced profits in 1985 because of heavy losses in its US fertilizer operations. Sales rose from Dkr 9.11bn to SKr 11.28bn (\$1.34bn), but pre-tax income fell to Dkr 40m against Dkr 311m.

Japanese Yen 25,000,000,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

6 1/2% Japanese Yen Bonds of 1986, due February 13, 1996

(Ninth Issue)

Issue Price 101 3/4 per cent.

Yamaichi Securities Company, Limited

PAN-HOLDING
SOCIETE ANONYME
LUXEMBOURG
At its meeting of March 11, 1986, the board of directors finalised the accounts for the financial year 1985. The accounts show a net profit of US\$9,521,882, including a net realised gain on sales of investments of US\$6,898,875.

Novo Industri slips despite higher sales
BY OUR COPENHAGEN CORRESPONDENT
NOVO INDUSTRI A/S, the Danish insulin and enzymes producer, showed lower profits last year despite increased sales. Factors affecting the decline were the falling US dollar, product changes and lower market prices.

Algemene Bank Nederland N.V.
Banque Nationale de Paris
Daiva Europe Limited
IBJ International Limited
Mitsui Trust Bank (Europe) S.A.
Nippon Credit International (HK) Ltd.
Swiss Bank Corporation International Limited
Toyo Trust International Limited
Bank of Tokyo International Limited
Citicorp Investment Bank Limited
Deutsche Bank Capital Markets Limited
LTCB International Limited
The Nikko Securities Co., (Europe) Ltd.
Nomura International Limited
Tokai International Limited
S.G. Warburg & Co. Ltd.

INTL. COMPANIES & FINANCE

De Beers doubles earnings

By Kenneth Marston, Mining Editor

THE GATHERING pace of the recovery in the diamond market coupled with the weakness of the rand has produced a strong second half of 1985 for South Africa's De Beers Consolidated Mines. Pre-tax profits in the period have almost doubled to bring the full year's total to R1,587m (\$557m) compared with R887m in 1984.

Earnings at net attributable level came out at R972m, equal to 288 cents a share, against R722m. The final dividend is raised to 40 cents from 27.5 cents to make a 1985 total of 55 cents against 40 cents for 1984.

The latest total is the highest since 75 cents was paid for 1980, after which the rate was reduced.

De Beers' stockpile of unsold diamonds has eased to \$1.9bn, a fall of \$52m from end-1984 and the first reduction since 1977. Diamonds are priced in dollars and so the rand equivalent value has been increased to R4.89bn from R3.88bn by the rand's weakness.

The weakness of the rand has, of course, boosted De Beers' domestic revenue from dollar earnings. However, demand for diamonds has increased and is broadening into the higher priced categories of gems.

Furthermore, an easing in the dollar has helped diamond sales in European markets. The Antwerp tax fraud investigations have had no adverse effects on the market.

De Beers' Central Selling Organisation reported a sharp upturn in sales of roughs (uncut diamonds) in the second half of 1985 and the "encouraging trend" is stated to be continuing. Helping matters is the reduction in stocks of diamonds being processed at the cutting centres, coupled with a more restrained level of Soviet sales of polished gems.

Fluor reports first-quarter profit of \$6.6m

By Our Financial Staff

FLUOR, the big US engineering and construction group, yesterday reported a profit of \$6.6m or eight cents a share for the first quarter ended January 31, helped by a \$24.1m gain from the sale of shares in St Joe Gold.

The result compares with a loss of \$12.2m or 31 cents a share a year earlier, which includes a gain of \$2.3m from discontinued operations. Sales rose from \$977.5m to \$1.19bn.

The company said that although it was encouraged by first-quarter results, it expected that earnings recovery in 1986 might be uneven.

It said management emphasis in 1986 would be to refine the operating strategies implemented last year, particularly in the area of cost effectiveness and expansion into new market centres.

Last year Fluor started a restructuring programme that resulted in a one time charge of \$410m.

The write-down, in the fourth quarter of last year, related to the company's oil and gas unit, which it agreed to sell, coal assets, and the elimination of goodwill recorded in the 1981 acquisition of St Joe Minerals.

Philips buyout bid for Australian arm

BY LACHLAN DRUMMOND IN SYDNEY

PHILIPS, the Dutch electrical goods group, is to offer AS10.8m (US\$7.6m) to buy out the 25 per cent held by minority shareholders in its Australian offshoot.

The announcement accompanied the release by Philips Industry Holdings of its figures showing losses of AS8.34m in 1985 compared with profits of AS9.05m the previous year.

Extraordinary charges relating to foreign exchange losses, offset by profits from property sales, took the final loss to AS16.6m.

Philips intends offering 75 cents for each outstanding share in the Australian arm.

It said a major reason for its bid was to allow the local operation to participate more fully in Philips' global competitive strategy, the long-term objectives of which were not always compatible with the short-term interests of minority shareholders.

In the past eight years Philips has had losses totalling AS83, offset by three profitable years when AS28m was earned. Dividends have been paid in only two of those years.

The offer price compares with a closing pre-bid market quote of 59 cents and with a net asset backing of AS1.51 a share.


The latest loss came on a 14 per cent increase in sales to AS98m which, the company said, reflected competitive market conditions.

U.S. \$200,000,000
MARINE MIDLAND BANKS, INC.
 Floating Rate Subordinated Notes Due 2000

Interest Rate	7 7/8% per annum
Interest Period	12th March 1986 12th June 1986
Interest Amount per U.S. \$50,000 Note due 12th June 1986	U.S. \$974.31

Credit Suisse First Boston Limited
Agent Bank

This advertisement appears as a matter of record only.



Ariadne Shipping Inc.
Orestes Shipping Inc.
US \$6,550,000

Provided by:
Locabail (UK) Ltd. **Banque Indosuez**

Agent:
Locabail (UK) Limited

Initiated and arranged by:
First International Financial Corporation

This advertisement appears as a matter of record only.




Hazelwood Shipping S.A.
Downside Shipping Company S.A.
US \$38,000,000

Provided by:
Hamburgische Landesbank Girozentrale
Christiania Bank og Kreditkasse
DB UK Finance Limited
Deutsche Bank Aktiengesellschaft in Hamburg
Union Bank of Finland

Agent:
Samuel Montagu & Co. Limited

Initiated and arranged by:
First International Capital Corporation



Mike Williams

We've always enjoyed the sweet smell of our clients' success. And we'll go to great lengths to help them achieve it.

Take a certain wholesaler of toiletries, trading north of the Humber. Beset by narrow margins and widespread competition, he decided his salvation lay in diversification.

Our local partners held his hand during the entire operation, drawing up the first bank borrowing proposal and reassuring those cautious coves with forecasts and projections that further loans were in order.

Our client's steady expansion has led us to seek yet more capital. This wasn't the simple matter you might expect, because his current assets weren't as pretty as his profit record.

Nonetheless, we sniffed out a promising offer of risk capital, involving equity participation.

There is, of course, a lot more to our Corporate Financial Services than finding bundles of ready.

Our fragrant friend took on his first staff accountant a few months ago. Till then, we accounted for everything: from planning his computerisation to doing the dreaded VAT returns.

But our purpose today is to emphasise our skill in tracking down capital from all sources, including the stock market.

In choosing an accountant, you might, for instance, ask if he has access to a computerised database of all Government and EEC assistance. We found it very handy the other day in finding funds for a client relocating in Sheffield.

The knack in Corporate Finance is to look far ahead and far afield. And none are farther ahead in the field than Binder Hamlyn.

To: Rodney Graves, Binder Hamlyn, 8 St Bride Street, London, EC4A 4DA. Telephone 01-333 3020.
 Before I give you a field-trial, I'd like some further information.

Name _____
 Company _____
 Address _____
 Post Code _____

BinderHamlyn
 CHARTERED ACCOUNTANTS

London/Ayr/Bacup/Bath/Belfast/Birmingham/Bury St Edmunds/Croydon/Dublin/Enniskillen/Glasgow/Leeds/Manchester/Newcastle/Newmarket/Nottingham/Rochdale/Saltcoats/Sheffield/Stranraer/Telford/Wolverhampton/Internationally Binder Dijkster Otte & Co.



FINEUROP CONFIRMEC spo ore pleased to announce to all correspondents and friends that following a merger with Messrs. FINEUROP GAIC spo, the new denomination is

FINEUROP
 società per azioni

FINEUROP spa - Via Cervo 28, 20122 Milan (Italy)
 Telephone 02-5456281 / Telex 330446-322006

Paid-Up Capital 38,272 million It. Liras
 Reserves 12,396 million It. Liras

PNC Financial Corp
U.S. \$100,000,000
Floating Rate Subordinated Notes
Due 1997

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period 12th March, 1986 to 12th June, 1986 has been fixed at 7 7/8% per annum. Interest payable on 12th June, 1986 will be U.S. \$194.86 per U.S. \$10,000 Note.

Agent
Morgan Guaranty Trust Company of New York
 London Branch

U.S. \$100,000,000 Guaranteed Floating Rate Notes due 1994
Citicorp Overseas Finance Corporation N.V.
 (Incorporated with limited liability in the Netherlands Antilles)
 Unconditionally guaranteed by

CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 7 7/8% and that the interest payable on the relevant interest Payment Date, June 12, 1986, against Coupon No. 29 in respect of US\$1,000 nominal of the Notes will be US\$19.97.

March 12, 1986, London
 By: Citibank, N.A. (CSI Dept.), Agent Bank **CITIBANK**

SIEMENS

Siemens Capital Corporation
 and
Siemens Coordination Center S.A.

Guaranteed by:
Siemens Aktiengesellschaft

U.S. \$100,000,000
Euro-Commercial Paper Programme

Dealers:
DEUTSCHE BANK CAPITAL MARKETS LIMITED **MORGAN GUARANTY LTD**

March 1986

These securities are not registered under the Securities Act of 1933 and may not be offered or sold in, or to nationals or residents of the United States. This announcement appears as a matter of record only.

INTL. COMPANIES & FINANCE

Canberra rejects BHP bid inquiry

BY ISHIA TAGAZA IN CANBERRA

A FIDELITY obstacle to Bell Resources' bid for Broken Hill Proprietary (BHP) was removed yesterday when the Australian Federal Cabinet decided, case and for all not to intervene in the takeover battle. The move thwarts BHP's attempts to put up a political barrier against Bell's bid.

The Cabinet took the decision after having been satisfied with Bell's undertaking to maintain BHP's steel operations if it succeeded in the takeover.

Last week, the Cabinet appointed a ministerial committee to seek assurances from both Bell and BHP on the future of the steel industry. The government has been under pressure from trade unions and members of the ruling Labor Party to intervene in the takeover for fear that Bell would phase out BHP's biggest employee group, the steel division.

Esso Australia and BHP are temporarily to close one of their 12 oil production platforms in the Bass Strait field from March 20, Reuter reports from Melbourne.

The decision reflects the need to review high-cost operations after the fall in world oil prices, they said. Production elsewhere was

more than sufficient to meet present demand, the companies added.

Kingfish A, the platform to be shut, could be brought back into production in about 10 days. Esso said Bass Strait output would remain around 420,000 barrels per day, down from its peak in 1985 of 535,000 b/d.

After almost two days of discussions in Cabinet, Mr Bob Hawke, the Prime Minister, revealed details of the commitments made by the Bell chairman Mr Robert Holmes à Court, these were that:

- There would be no redundancies in the workforce before 1989;
- BHP's A\$1.5bn (US\$1.05bn) capital investment programme for the steel division, would be

continuous;

- BHP's three integrated steel plants would be retained.

Mr Holmes à Court gave the additional commitment that if he took over BHP, he would consult both the Government and the unions before any major changes in operations are introduced.

BHP management also committed itself to maintain employment security, retain opera-

tions of the three steel plants, and invest at least A\$800m to upgrade the steel division.

Another important boost to Bell's bid came with a Cabinet decision to pass on to the Senate an amendment to the Australian Trade Practices Act which provides for an inquiry into the takeover of a monopoly company. The proposed government amendment, which has already passed the lower House, would allow the transfer of a monopoly without an inquiry.

The Cabinet, however, agreed to one demand from proponents of an inquiry, which was to review the tax laws governing takeovers. The Opposition have questioned the appropriateness of the tax deductibility of interest on borrowings, especially overseas loans, used to finance large share acquisitions.

Hongkong Bank falls short of expectations

BY DAVID DODWELL IN HONG KONG

THE Hongkong and Shanghai Banking Corporation, which ranks among the world's top 20 banks, yesterday blamed falling oil prices, economic upsets in South-East Asia, and shipping industry problems worldwide for a lower than expected 5 per cent profit growth in 1985.

Profits after tax and transfers to inner reserves were HK\$2.72bn (US\$348.3m) compared with HK\$2.59bn, a result which is likely to come as a disappointment to market operators, who had been sig-

nalling an improvement of between 10 and 15 per cent over the year.

It will do nothing to improve sentiment after a steep fall on Hong Kong's stock exchanges yesterday. The Hang Seng index fell by 27.9 points to 1630.15, its lowest since October 18 last year. Ahead of the results, Hongkong Bank's shares fell 15 cents to close at \$7.55.

Mr Michael Sandberg, who is soon to retire as the bank's chairman, said there were few signs that 1986 would be a good

year. Talking of the bank's problem areas, he said: "We have to stand there and take it."

British Bank of the Middle East (BBME), a wholly-owned subsidiary, suffered a serious setback because of deepening economic recession in the oil-producing Gulf states. Mr Sandberg said BBME's profits fell to HK\$151m for the year compared with K\$262m, and dividend payments were trimmed by 20 per cent.

In South-East Asia, problems

linked with the collapse of the Pan-Electric group damaged Hongkong Bank's performance in an already depressed market. Mr Sandberg did not disclose how severely profits had been dented.

The board is recommending a final dividend of 31 cents per share, making a total for the year of 46 cents. The payout for 1985 amounted to HK\$1.45bn, a 10 per cent increase on the HK\$1.32bn handed out in 1984. The bank has also recommended a one-for-five capitalisation issue.

HK Electric increases earnings 94%

By Our Financial Staff

HONGKONG ELECTRIC improved attributable net profits by 94 per cent last year to HK\$1.2bn (US\$153.7m) largely because of a substantially increased contribution from International City Holdings (ICHI), a property company in which the utility has a controlling stake.

The dividend for the year has been boosted to a total of 56 cents from 45 cents, on earnings per share of 39 cents against 47 cents.

The results included an extraordinary loss of HK\$75m relating to provisions on the company's ceramics factory. This was more than offset on a HK\$203m deficit charged against 1984 net earnings.

Large provisions were made in that year covering the company's stake in ICHI, which has since been increased from 35 per cent to 50 per cent.

C. H. Tung set to unveil restructuring proposals

BY OUR HONG KONG CORRESPONDENT

C. H. TUNG, the deeply troubled private Hong Kong shipping group, and Orient Overseas Holdings, its publicly quoted subsidiary, are due later this week to announce a corporate reconstruction aimed at saving the group and placating creditors which are owed around US\$2.4bn.

First signs of serious trouble inside C. H. Tung, Hong Kong's second largest shipping group with 111 vessels, emerged last September when Orient Overseas said it had arranged a HK\$1bn (US\$125m) line of credit "to maintain its working capital position."

The group has more than 70 creditors, the majority of which are Japanese. The complexity of its corporate structure, and the overlapping of private and public interests, have led to long delay in drafting rescue plans. The reconstruction is expected to involve living off

Court hearings open on Minebea offer

By Yoko Shibata in Tokyo

COURT PROCEEDINGS opened in Japan yesterday between Minebea, the ball bearing maker, and the investor group which is seeking to mount a hostile takeover bid.

The Ueda branch of the Nagano district court is to hear an application by Tadao/Glen of the Virgin Islands, a British-US joint venture formed with the purpose of taking over Minebea. It is seeking the annulment of Minebea's merger with an affiliate and a convertible bond issue on the grounds that these moves are intended only to prevent a takeover.

The day's hearing, however, was blocked by Minebea's challenge that Tadao/Glen should make a deposit for court costs as it has no office in Japan. The next hearing is scheduled for April 18.

Losses mount at Saan

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Associated Newspapers (Saan), publisher of the Cape Times, Financial Mail and Johannesburg Sunday Times, increased its losses in 1985 even though it closed the Rand Daily Mail and appointed a new chairman and managing director.

Turnover fell to R129m (\$64.5m) from R138m. Although the operating loss was reduced to R7.8m from R8.3m, an increase in interest payments and reduction in investment income led to a wider pre-tax loss of R12.51m against R7.45m.

The financial year-end has been changed to March 31 from December 31 and the current financial period will be the 15 months to March 1987.

Mr John King, the new managing director, said the past 12

VOLVO

TO THE SHAREHOLDERS OF AB VOLVO

AB Volvo, parent company of the Swedish automotive and energy group, announces that a total of slightly more than 33.2 million of its restricted B shares, have been tendered for conversion to unrestricted B shares in accordance with the offer made by the company on November 21, 1985. After applying a proportional allocation method and rounding fractional entitlements to the nearest whole share, Volvo will convert 9,972,091 restricted B shares to unrestricted B shares.

Accordingly approximately 30 per cent of the restricted B shares tendered by each shareholder will be converted to unrestricted B shares.

New share certificates for Volvo's restricted and unrestricted B shares will be distributed forthwith by Värdepapperscentralen VPC AB (Swedish Securities Register Centre) to replace the tendered shares. The new share certificates are expected to be available from March 10, 1986.

Strong advance at Burns Philp

By Lachlan Drummond in Sydney

BURNS PHILP, the diversified Australian retailing and trading group, continued its recovery in the half-year to December with a 28 per cent improvement in net earnings to A\$19.7m (US\$13.8m).

The increase came on a 3 per cent rise in sales to A\$636m.

The pre-tax result was up 30 per cent to A\$26.44m and the company's equity share of associates' income in excess of dividends was up from A\$2.2m to A\$3.4m.

The interim dividend is being raised from 9 cents to 10 cents a share on per-share profits of 30.3 cents against 23.7 cents.

Aid for broker

J. BALLAS, a Singapore stock-broker firm, has won permission to borrow S\$8.6m (US\$4m) from a lifeboat fund set up to help brokers with liquidity problems. Reuter reports from Singapore. The money will repay bank loans involved in a forward share purchase deal which another broking firm failed to fulfil.

This announcement appears as a matter of record only.

Morgan Bank Nederland N.V.

Dutch Guilders 150,000,000
Certificates of Deposit
3, 6 and 12 Month Maturities

Issuer and primary dealer:
MORGAN BANK NEDERLAND N.V.

Domestic sales:
ACCREDITED DUTCH BROKING HOUSES

International sales:
MORGAN GUARANTY LTD

Custody and clearing:
EURO-CLEAR
MORGAN BANK NEDERLAND N.V.

Morgan Bank Nederland

March 12, 1986

All of these securities have been sold. This announcement appears as a matter of record only.

February, 1986

BUSINESSLAND

\$35,000,000

8% Convertible Subordinated Debentures Due 2006
Interest Payable on February 15 and August 15

The Debentures are convertible into Common Stock of the Company at any time prior to maturity unless previously redeemed, at \$10.875 per share, subject to adjustment under certain conditions.

SHEARSON LEHMAN BROTHERS INC.
L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

March 1986

SUN microsystems

4,000,000 Shares
Common Stock

Robertson, Colman & Stephens

Alex. Brown & Sons

Goldman, Sachs & Co. The First Boston Corporation Bear, Stearns & Co. Inc.

Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette Drexel Burnham Lambert

Hambrecht & Quist E. F. Hutton & Company Inc. Kidder, Peabody & Co.

Lazard Frères & Co. Merrill Lynch Capital Markets Montgomery Securities

Morgan Stanley & Co. PaineWebber Prudential-Bache

L. F. Rothschild, Unterberg, Towbin, Inc. Salomon Brothers Inc.

Shearson Lehman Brothers Inc. Smith Barney, Harris Upham & Co.

Wertheim & Co., Inc. Dean Witter Reynolds Inc.

Barclays Merchant Bank Cr dit Commercial de France Hoare Govett Limited

Lazard Brothers & Co. Morgan Grenfell & Co. Pictet International Ltd.

J. Henry Schroder Wagg & Co.

INTERNATIONAL COMPANIES and FINANCE

Carla Rapoport reports from Seoul on Daewoo Heavy's proposed convertible bond
S Korean market in play for world status

SOUTH KOREA'S second convertible Eurobond is expected to be announced in the new few weeks by Daewoo Heavy Industries, the diversified group whose interests range from robots to railway rolling stock.

market. Unfortunately, Korea's large companies aren't thinking about the distribution of their issues and they don't like the idea of tough terms and conditions, said a top executive at one of Korea's leading securities firms last week.

is trading on a historic multiple of 18, according to Daewoo Securities, while Gold Star, Kia Industries and Daewoo Heavy are trading on around 22, 15 and 13 respectively.

Shake out of gilts dealers predicted

BY CLARE PEARSON

SOME of the 29 securities houses entering the new London gilt market as primary dealers are likely to opt out at an early stage — probably leaving the market to be dominated by the big US investment institutions, which will be able to treat their operations as loss leaders.

authorities were to allow one to develop. Factors encouraging the development of the market were the favourable international environment for such a market at present. Last year had seen 21 Euroequity deals with a market value of \$1.5bn equivalent.

FINANCIAL TIMES THE EUROMARKETS IN 1986 CONFERENCE

those wishing to deal with retail investors and to focus only in professional dealing. Mr Archibald Cox, managing director of Morgan Stanley International, spoke of the practical difficulties that would be presented if market makers were required to record comprehensive details of all transactions.

Flood of new issues prompted by low interest rates

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL BOND market were again very firm yesterday, prompting a new flood of issues from borrowers anxious to lock into long-term funds at current low interest rates.

Led by Credit Commercial de France, this 1-year, 8 1/2 per cent issue met strong demand and traded around its issue price of par last night. At this level it was level-pegging with French government issues, which suggests that interest in French franc paper remains strong despite the imminent elections.

cent private placement at par for Mitsubishi Motors Corporation and a SFR 80m placement with equity warrants for Itoham Food, which carries a 2 1/2 per cent coupon.

\$200m paper programme for Kodak

EASTMAN KODAK, the latest US company to announce a Eurocommercial paper programme, is to raise up to \$200m as a supplement to its existing borrowings in the New York paper market, writes Peter Montagnon, Euromarkets Correspondent.

programme will be Citicorp Investment Bank, Credit Suisse First Boston and Lombard, Brothert & Co. Also topping the market is Dyno Industries, a diversified Norwegian chemicals and explosives company, which has appointed three dealers to raise up to \$100m. They are Morgan Stanley, Egan & Jones, America and Den norske Creditbank.

TD A \$50,000,000 THE TORONTO-DOMINION BANK (a Canadian chartered bank) 14 3/8% Deposit Notes Due March 4, 1989 Salomon Brothers International Limited, Algemene Bank Nederland N.V., BankAmerica Capital Markets Group, Banque Bruxelles Lambert S.A., Dalwa Europe Limited, Dominion Securities Pitfield Limited, EBC Amro Bank Limited, McLeod Young Weir International Limited, Morgan Stanley International, Nomura International Limited, Orion Royal Bank Limited, Swiss Bank Corporation International Limited, Toronto Dominion International Limited, Wood Gundy Inc.

Rule change by big Swiss syndicates

By William Dullforce in Geneva CREDIT SUISSE said yesterday that it had doubled its innovative dollar-coupon perpetual for PepsiCo from SFR 200m to SFR 400m, making it the largest public offering so far on the Swiss market.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 11

Table with columns for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, FLOATING RATE NOTES, DEUTSCHE MARK STRAIGHTS, CONVERTIBLE BONDS, SWISS FRANC STRAIGHTS, and YEN STRAIGHTS. Each column lists various bond issues with their respective prices and yields.

TECHNOLOGY

Study into software for space

By Peter Marsh
FUTURE manned space platforms will rely heavily on complex software to control equipment which provides energy and air, and to control communications with ground stations.

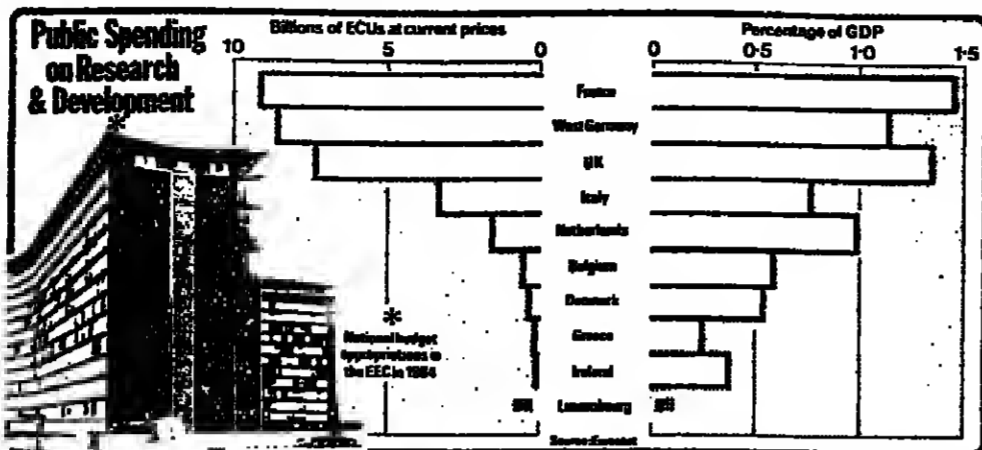
EEC looks to flexible policing of research subsidies

THE drive to strengthen the technological base of Europe now next to godliness in the canon of the Community is forcing the European Commission to define how competitive the competition regulations ought to be.

Its latest step in a long-running exercise of interpretation will be soon to publish a set of guidelines on how far and in what way governments will be permitted to subsidise civil research and development.

For the Commission, charged under the Treaty of Rome setting up the Community to act as competition policeman, this is a difficult and messy area.

To start with, the Commission is not certain exactly what it is policing. It believes that there has been a qualitative change in the nature of subsidies offered by governments over the last five or six years.



they are paying. So the Commission, trying to grip the situation, will start forming an inventory of subsidies as soon as the new guidelines are published.

There is no uniform pattern of official research and development (R & D) spending in the Community. In 1984 national budget appropriations for R & D added up to Ecu33.07bn.

The second point of difficulty for the Commission is the nature of the Treaty of Rome itself. The Treaty has a

clear. The guidelines, sponsored by Mr Peter Sutherland, the commissioner for competition, state: "The aim of competition policy is to improve the international competitiveness of Community industry."

That means general approval for R and D subsidies, but not to blank cheques. The guidelines serve notice that each case will be considered individually.

The approach is that basic industrial research can attract more subsidy than applied R and D. And by "basic", the Commission means up to the stage of the construction of the first prototype.

Because this is a juggling act, however, the approach is not absolutely cut and dried. If there are cases of state funding which have an especial economic importance, or where they are directed at Community projects, or involve small and medium-size companies, then the rules can be bent a bit further.

Generally, according to the guidelines, the subsidy should

not be worth more than half the gross cost of a project. This is already the benchmark figure for Community funding of Community projects: companies are expected to pay as well.

The closer a project is to the market place, the less should be the extent of the subsidy. "The Commission in its examination and evaluation of national proposals will look in principle for progressively lower levels of aid," say the guidelines.

The Commission is relaxed about the way subsidies are paid—grants, soft loans, guarantees, tax concessions and so on—but here the notification question comes up again, it certainly wants to know beforehand of any projects where the total cost is Ecu20m or more.

Eligible costs for subsidising—the costs the Commission will add up when assessing the value of a subsidy—include those for personnel, materials, instruments, land, equipment, consultancy services and overheads incurred directly as a result of the R and D.

The keynote of the guidelines, however, is flexibility. In its own jargon, the Commission definitions are "indicative not

A MOVING EXPERIENCE International Handling and Storage Exhibition NATIONAL EXHIBITION CENTRE BIRMINGHAM 18-21 MARCH 1986

normative." It is clear that the Commission is not going to turn down state-funded R and D projects. It has never done so. What it will do is to temper the conditions of the subsidies from time to time.

Last year, for example, it approved the UK's £350m Alvey programme virtually on the nod, but obtained changes in a West German micro-electronic programme.

In the latter case it argued that subsidies for research in software at major companies were not justified because the work planned was normal company activity. And it obtained from the German authorities an undertaking that the subsidies would go only to smaller companies which otherwise might not have done the work at all.

The only case it is now working on involves Dutch and German subsidies for a joint Philips-Siemens development of a megachip. The Commission has called for more information before making up its mind whether the Treaty of Rome can accommodate the subsidies.

Neater and better-performing radar system from Plessey

MILITARY RADAR size, weight and performance will improve with newly developed microwave devices from Plessey, the UK electronics group.

Increasingly, military radar designers are using "phased array" technology in which the familiar rotating or nodding dish aerial is replaced by a stationary box structure in which the four vertical faces, each a few feet square, are covered with small metallic radiating elements.

By computerised timing of the microwave energy applied to each element, it is possible to create and move the radar beam into any direction in the surrounding sky at high speed. The radar can then acquire and display a number of targets, virtually

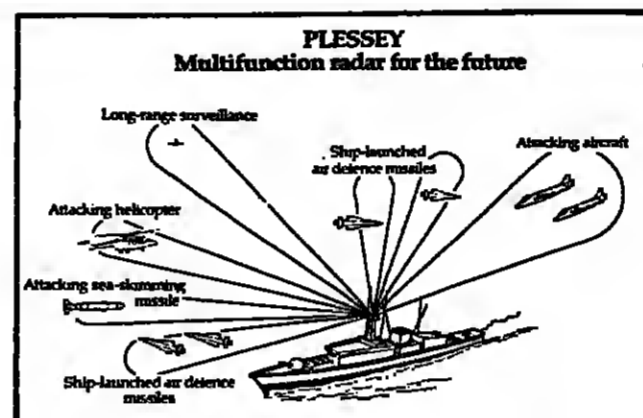


at the same time, and track them simultaneously. This gives more immediate results than rotating systems, where the user has to wait for the dish to come round to the same position again before the target is "re-painted" on the screen.

arsenide monolithic devices for transmission, reception and timing are millimetres in size, rather than inches using older technologies. So they can be accommodated very close to each element on the aerial, reducing both size and weight. Ultimately Plessey plans to make such systems part of the skin of aircraft or ships.

In addition, more elements can be accommodated per face, which improves performance and accuracy of the radar. It also becomes possible to use one radar per ship instead of one for each weapon or navigation system.

FLUID BED combustion, able to burn low grade coal in an agitated bed of finely divided particles, is to be used in a new power generation system that will be developed jointly



by Sulzer Brothers of Switzerland and Cockerill Mechanical Industries of Belgium. Reduced pollution and a smaller cooling water demand are additional advantages.

ELECTRONIC LEAVES-DROPPING on computers by picking up their stray electromagnetic field—often possible up to distances of 1,000 yards—can be prevented using glass laminates containing a thin metallic layer. The layer has little effect on transmission but prevents electromagnetic radiation.

Finnish improvement to windscreen production

VEHICLE WINDSCREENS can be made in any size of production by a programmable furnace developed by Finnish company Tamglass of Vehmaistenkatu 5, PO Box 25, SF-33730, Tampere 73, Finland.

Blanks for different vehicles can be fed in and processed in sequence without interruption. A new bending process is controlled by a microprocessor which stores data on hundreds of different shapes and sizes. From 20 to 50 windcreens can be dealt with per hour.

Tamglass estimates that with an energy efficiency of about 5 kw per square metre, electricity savings alone will repay on investment in the furnace in five years.

VEHICLE location systems will be developed under a joint venture agreed by Securicor and Wimpy. The experience of Securicor in mobile communications (it is a founder of

Celnet, one of the UK cellular radio networks) and that of Wimpy's subsidiary, Wimpy, in navigation and positioning systems, will be brought together.

Design is already well advanced for a system that will display the location of members of a vehicle fleet at a central operations centre. Demonstrations are planned for this summer.

DUST EXPLOSIONS during activities such as silo loading and in the crushing and grinding of many kinds of product have resulted in loss of life and serious injuries. Their effect can be minimised with special panels offered by ES&B Safety Systems of West London (01-894 1082).

Fixed to the wall of the vessel or structure, these Vent-Saf panels will open rapidly in the event of an explosion, allowing the contents to escape and limiting the rise of internal pressure.

Challenge us to find another Aled Jones... And enjoy much well-deserved publicity And do Britains' cathedrals a favour Sponsor sought for the Young Cathedral Singer of the Year

Residential Property Overseas Rentals ANSCOMBE & RINGLAND Residential Lettings FLATS AND HOUSES FOR SALE AND TO LET throughout the docklands area Tel: 01-790 9560

Motor Cars BRADSHAW & WEBB SAAB A MORE INDIVIDUAL CAR FOR THE MORE DISCERNING Individual Lease... HP... Contract Hire... or even cash NEW SAAB 9000 NOW AVAILABLE

BASE LENDING RATES Table with columns for bank names and interest rates. Includes ABN Bank, Allied Dunbar & Co., American Express Bk., etc.

INVITATION EXPO-COSTA DEL SOL LONDON: 12, 13, 14 and 15 March at the CLYDELAND HOTEL

SWITZERLAND Gstaad Valley Attractive 2 to 5 room apartments for sale. In typical Swiss chalet, beautiful view, quiet and centrally located.

LAKE GENEVA-MONTRIEUX FOR SALE TO FOREIGNERS - 4 FLATS Lake View - Directly from Builder

Keith Cardale Groves REGENTS PARK, NW5 Magnificent views over the park may be seen from this superb ninth floor flat in block.

MAYS RENTALS Quality Houses and Flats in SW London, Surrey, Berks Tel: 037284 3811 Telex: 895112

MONOHILL LTD. We have a selection of Luxurious Flats in Mayfair and Knightsbridge to suit your rental requirements

KENWOOD RENTALS QUALITY FURNISHED FLATS AND HOUSES SHORT AND LONG LETS Tel: 01-462 2271 Telex: 25271

VOLVO ORDER YOUR NEW VOLVO NOW Motor Car Advertising appears every Wednesday and Saturday The rate is £30.00 per single column centimetre

Holidays and Travel COLUMBUS CUTLERS BARBERS, TO DISCOUNT SQUARE, 01-274 4251

Clubs ALLIED AIR TRAVEL 29 Glasshouse Street London, W1 Tel: 01-774 6080 Telex: 29146 REGENT G

UK COMPANY NEWS

United Biscuits advances by 17%

BY MARTIN DICKSON

United Biscuits, which is involved in a takeover battle with Hanson Trust for Imperial Group, yesterday announced 1985 pre-tax profits of £112.2m, up 17 per cent on £97.2m the previous year.

However, its earnings per share of 19.1p are unchanged from 1984's adjusted figure.

The profit figure—on turnover up 9 per cent from £1.74bn to £1.91bn—was just ahead of United's earlier estimate of about £100m. The final dividend of 5.15p (4.8p), making 8p for the year (7.5p) was announced last month when it launched its bid for Imperial. United's shares closed unchanged at 232p.

Sir Hector Laing, the chairman, said that in the second half all sectors of its business had made very significant progress, and he had every confidence that progress would continue.

Sales in the UK had increased by over 10 per cent and trading profits by 14 per cent. The two



Sir Hector Laing, chairman of United Biscuits

end of 1985 Keebler's share of the cookie market was 13.5 per cent, its highest ever level. Keebler was the only national biscuit company to have

increased its share of the combined cookie and cracker market in 1985.

The profit and loss account includes £14.3m net of extraordinary items (£2.6m), largely due to the closure of the group's Philadelphia bakery. After a £31.1m tax charge (£24.7m), profits attributable total £71m (£53.4m).

Meanwhile, Hanson yesterday announced that it had increased its holding in Imperial to 7.86 per cent. United already holds 14.9 per cent.

In a separate development, the Takeover Panel issued a statement in reply to a circular from Imperial which had claimed that all of its advertisements attacking Hanson had been "approved" by the Panel.

The Panel said Imperial's statement might lead to misunderstanding. It did not "approve" advertisements for factual accuracy or good taste but merely reviewed them for compliance with the Takeover Code.

See Lex

Newman rejects final offer from McKechnie

By David Goodhart

Newman Tonks yesterday rejected an increased and final offer for it from fellow Midlands manufacturer McKechnie Brothers. The new offer values Newman Tonks at about £66.5m and includes a cash alternative and a profit forecast.

Although the value put on Newman Tonks is only about £5m above the valuation from the original two-for-three share offer it is over £20m above the most recent value. That is because McKechnie Brothers' share price has dropped over 49p since Williams Holdings announced it would not be making a bid for it when McKechnie shareholders narrowly approved the Newman Tonks deal.

Dr Jim Butler, chairman of McKechnie, said that Newman Tonks could no longer argue that the bid was confused by the possibility of a Williams bid. He added: "We have also shown that the bid was not just a defensive ploy against Williams. We are serious about Newman Tonks but we are not also foolish—it is a proper and final offer."

McKechnie said its offer would provide an income increase of at least 30 per cent for Newman Tonks shareholders. It said the cash alternative represented an exit p/e of 12.5, but this was contested by Newman Tonks which said the real figure was 19.2. It contrasted this with the figure of 16 that McKechnie itself had rejected as totally inadequate when Williams made its offer.

The argument over industrial value and the real figure was still going on when Newman Tonks shareholders met at a press conference yesterday. Mr Solomon would only say "we are keeping all our options open. We are looking at the position carefully."

He pointed out that Hillsdown

Hillsdown hoists profits 77% to record £33m

THE FAST expanding food-dominated conglomerate Hillsdown Holdings has lifted its pre-tax profit by 77 per cent in 1985, from £18.9m to a record £33.4m. There is a final dividend of 3p which lifts the net total from an adjusted 2p to 5.2p.

And joint chairman Mr David Thompson and Mr Harry Solomon say they are looking for another excellent result in the current year. The group's existing spread of interests places it in a strong position to move forward.

Profits in the first two months have been at encouraging levels. Further progress has been made in improving profitability and developing existing businesses. In addition, there will be the benefit of first time contributions from Pyke and Needlers, and full year contributions from those companies acquired in 1985.

Hillsdown also has share interests of 5.78 per cent in Bassett Foods, 14.97 per cent in Office and Electronic Machines, 7.5 per cent in Brown and Jackson and 9.09 per cent in S. end W. Berisford.

Asked about the group's intention regarding the Berisford stake at a press conference yesterday, Mr Solomon would only say "we are keeping all our options open. We are looking at the position carefully."

He pointed out that Hillsdown

was not in the business of share dealings. The group bought stakes in companies which it thought were important or that it might wish to bid for.

In the year end balance sheet there is this time £34.3m representing listed investments. Mr Solomon declined to break down the amount attributable to the Berisford stake.

In their published statement the joint chairmen say 1985 was a year of strong organic growth. Turnover rose by 15 per cent, from £983.2m to £1.13bn, and the operating profit expanded by 47 per cent, from £26.3m to £38.6m. A £2.2m cut to £5.2m in interest charges had a further beneficial effect on the pre-tax balance.

By activity, the operating profit was analysed as to: poultry, eggs and animal feed £17.2m (£10.6m); food processing and distribution £6.9m (£6.2m); fresh meat and bacon £2.5m (£4.7m); stationery and office supplies £4.2m (£1.4m); furniture and plywood distribution £3.4m (£800,000); property £3.1m (£3.5m); travel and other £300,000 (£300,000); less head office costs £1.5m (£1.2m).

The performance of the poultry, eggs and animal feed division was the most successful since acquisition in 1982. The stationery side, helped by the major acquisitions of H. J. Chapman and P. S. & E. at the end of 1984, had a particularly successful

second half and is continuing to gain market share.

Furniture is providing an increasingly important contribution, the chairman states. The purchase of Christie-Tyler and Walker and Homer in its second half making a further substantial contribution. Hillsdown now has the largest furniture group in the UK with a combined total turnover approaching £150m annually.

Of the profit in food processing and distribution, over £5m was earned in the latter part of the year. There were particularly encouraging performances from the Lockwoods/Smedley group of canning and freezing companies, and excellent results from Swan, A. J. Mills and Northam.

FAC suffered a downturn on the red meat side due to combination of heavy imports and general over-capacity in the industry. Bacon and value added pig meat products activity enjoyed an excellent second half, after the industry's problems of 1984.

After tax £2.6m (£500,000) and minorities £700,000 (£900,000), the net attributable profit for 1985 came to £30.1m (£17.5m) for earnings of 16.3p (11.1p). The final dividend costs £3m. Mr Thompson and his wife having waived payment in respect of their beneficial holdings of 97,62m shares—over 52 per cent of the capital.

See Lex

Jadelle pleased by Macarthy's bid lapse

BY TONY JACKSON

THE BID for Macarthy's Pharmaceuticals from Jadelle, the company formed by a group of investment trusts for the purposes of the offer, has lapsed. Acceptances by the second closing date yesterday totalled 9.07 per cent, giving Jadelle a total of only 45.87 per cent.

The result is represented by Lazard Bros, advisers to Jadelle, as the desired outcome of a neatly planned operation. John Govett, the investment trust group which was the moving force behind the consortium, can point to a possible bid price of 285p, against a bid price of 285p, end a very handsome profit on its first purchases of Macarthy's shares 15 months ago at 161p.

According to Mr Peter Grant, deputy chairman of Lazard, Govett has hit upon a way of tackling the perennial problem

of the fund manager—how to beat the market. This consists of approaching the market as an industrialist does—looking for companies which would be undervalued were their management to be replaced, and then going about replacing them.

Govett had already successfully implemented the play in the case of Lep Group, the international freight forwarder. Lep's chairman, Govett appointed Mr John Read, is now also a Govett-appointed director of Macarthy's.

In Macarthy's case, Govett first moved into the shares in February of last year, had 33 per cent by June, and made its consortium bid at the beginning of January. At the same time the consortium used a second tactic against the incumbent management, that of proposing a shareholders' meeting which

would recommend the unseating of the board.

That meeting was never called, nor indeed published. Faced with the consortium's near-40 per cent holding even before the bid, the management agreed to step down on condition that the bid terms be slightly improved.

The bid, however, was by then irrelevant. It was never Govett's intention that it should succeed, merely that other shareholders should be made to notice what was going on in Macarthy's boardroom. As Peter Grant puts it, "if they liked the look of what we were doing they wouldn't accept, they'd come along for the ride—which they've done with a vengeance."

And so Macarthy's has a new chairman, Mr Nick Ward, who won his spurs as managing director of the retailing activi-

Narrow vote saves North Atlantic trust

By Raymond Snoddy

By a narrow majority, shareholders in North Atlantic Securities Corporation—part of Morgan Grenfell—have voted not to support liquidation of the investment trust.

At an EGM last week the holders of 5.3m shares voted against liquidation and 4.6m voted for. However a 75 per cent majority in favour would have been required to wind up the trust.

The need for the EGM arose when at last December's AGM a resolution calling for the company to remain an investment trust was narrowly lost. It appears that several large shareholders voted against continuation as a protest against what they regard as the trust's poor performance.

Robert Maxwell buys 51% of cable TV film channel

BY RAYMOND SNODDY

MR ROBERT MAXWELL, publisher of Mirror Group Newspapers, has become managing partner in Premiere, the cable television film channel.

Mr Maxwell has agreed to take over Thora EMI's 41.2 per cent stake in the channel and the 9.8 per cent previously held by Goldcrest Films and Television.

This gives Mr Maxwell 51 per cent of the equity in the channel but because it is run as a partnership it does not necessarily give Mr Maxwell control of policy.

Mr Maxwell is paying a nominal sum for the stake in the loss-making channel but in addition is assuming responsibility for future investment. He is not, as earlier believed, taking over any of the past losses of the channel.

As a result of the deal Mr Maxwell is merging his own film channel, MirrorVision, with Premiere and Premiere will be carried on Mr Maxwell's cable television networks from April 1.

This will increase Premiere's

number of subscribers from its present 15,000 to 50,000.

Mr Andy Birchall remains executive of Premiere, Warner Brothers, one of the original partners in the venture, is pulling out.

In future, the remaining 49 per cent of the equity will be equally divided between Home Office, Showtime/The Movie Channel, the US cable programme provider, and Columbia Pictures and Twentieth Century Fox.

Twenty-first Century Fox agreed to the acquisition by Mr Maxwell despite the fact that it is now owned by the Daily Mirror publisher's arch rival, Mr Rupert Murdoch.

Walter Lawrence

More than 83 per cent of the 3.86p 8.5 per cent convertible cumulative redeemable preference shares offered by Walter Lawrence via a rights have been taken up.

The shares not taken up have been sold.

Prestwich agreed bid for Bush Radio

BY CHARLES BATCHELOR

Prestwich Holdings, the video distribution group, is making an agreed £15.5m takeover bid for Bush Radio, which imports and assembles radio alarms, cassette recorders and hi-fi systems.

The deal will broaden Prestwich's product base and improve access to Far East suppliers through Bush's Hong Kong purchasing and technical office. It comes less than two weeks after Prestwich announced agreement on the sale

of its opticians chain, Henly's Optical Group.

Bush Radio is a USM-quoted company which acquired the rights to the Bush name from the Rank-Organisation in 1981. It has applied the name, which dates from the 1930s, to a range of about 40 consumer electronics products.

Bush made a pre-tax profit of £1.16m on sales of £9.9m in the year ended August 1985.

Prestwich is offering 27 of its own shares for every 25 of

Bush. Prestwich's shares rose 5p to 153p yesterday to value its offer at 165p for each Bush share.

There is a cash alternative worth 150p for each Bush share. Mr Paul Levinson, Prestwich chairman, said he wanted to move the combined group into areas exploited by Mr Alan Sugar's Amstrad group.

Prestwich buys and licences the world media rights for cinema, television and video programmes, as well as selling pre-recorded cassettes.

The Prestwich offer has the backing of the owners of 64.94 per cent of the Bush equity, principally in company's joint founders, Mr Mark Futter and Mr Richard Schlagman.

Full acceptance of the offer would give Bush shareholders 31.4 per cent of Prestwich's enlarged equity and leave Mr Futter and Mr Schlagman the largest shareholders after Mr Levinson.

Queens Moat buys two hotels

Queens Moat Homes has purchased the 258 room Holiday Inn at Liverpool and contracted to purchase the 201 room Royal Hotel at Nottingham for a total £21.2m cash. They have been professionally valued at £23m.

The acquisition, whose current turnover is in the region of £11m, brings the total of hotels in the group up to 69 with 6,020 bedrooms.

Robinson Bros

Robinson Brothers (Ryders Green), a manufacturer of organic chemicals, achieved a taxable profit of £957,000, against a loss of £121,000 in the year to December 28 1985.

Turnover moved ahead from £16.4m to £18.45m. Available profits emerged at £391,000 compared with £66,000.

Dixons denies Woolworth bid

Dixons, the electrical retailer, yesterday denied market rumours that it was mounting a bid for Woolworth. Mr Egon Von Greyerz, a Dixons director, said: "We are not interested."

A Woolworth spokesman said it had not been approached and added: "Sharp movements in our share price are not unusual, especially in the period leading up to our results, which are due on March 26."

Woolworth shares closed at 583p up 38p, while Dixons gained 10p to 320p.

Coats/Vantona deal unconditional

The agreed merger between Coats Patens in Scottish textiles company, and Vantona Viyella was declared unconditional yesterday, with Vantona now controlling 67 per cent of Coats' issued ordinary share capital.

The announcement caused a jump in the shares of both companies, with Coats closing at 278p, up 14p on the day, and Vantona at 469p, up 29p.

Westland rights

The rights issue made by Westland Helicopters, the manufacturer, as part of its controversial rescue by UTC and Fiat, has been taken up in respect of 95.16 per cent of the ordinary shares and 92.14 per cent of the convertible cumulative preference shares.

The remainder have been sold for the benefit of the holders who did not take up their entitlements.



WHO?

1980 SALES £510m
1980 EARNINGS PER SHARE 6.6p
Which British company has achieved good results year after year?
To be continued tomorrow...

ORIFLAME INTERNATIONAL SA Preliminary Statement

for the year ended 31st December, 1985

	Year ended 31st December 1985	Year ended 31st December 1984
	£000	£000
Sales	39,356	29,191
Operating profit	5,114	4,565
Other income and expenses, share of results of associated companies	(772)	(247)
Profit before tax	5,886	4,812
Tax	446	548
Profit after tax	5,440	4,264
Earnings per share	51.0p	40.0p
Dividend per share	24.5p	21.3p
Cost of dividend (£000)	2,613	2,272

Points from the Statement by the Chairman, Jonas af Jochnick:
* Strong growth in our two largest countries, Sweden and U.K.
* Successful completion of acquisition of Guldfynd A B
* Financial contribution exceeded £900,000
* Profit before tax increased by 22%
* Dividend increased by 15%

Copies of the Report and Accounts for 1985, containing the notice of the Annual General Meeting to be held on 7th May 1986 can be obtained on or after 16th April, 1986 from Morgan Grenfell & Co. Limited, New Issue Department, 21 Austin Friars, London EC2N 2DE, where arrangements may also be made for voting by proxy.

Oriflame International S.A. is the holding company of an international group operating in 23 countries. Oriflame's business covers the direct sales of its own brand of cosmetics, the majority of which it formulates and produces; the mail order group Lagonda which is established throughout Scandinavia; and the jewellery chain Guldfynd which operates an extensive chain throughout Sweden.

UK COMPANY NEWS

Realised investment gains behind rise at Edinburgh Fund

A 16 per cent rise in pre-tax profits to £4.12m is reported by Edinburgh Fund Managers for the year to end January 1986. Operating income climbed by 9 per cent to £4.94m.

comment

It was not a spectacular year for Edinburgh Fund Managers. It is suffering from the reputation of being a one country investment boutique—Japan—and clients were notoriously reluctant to re-enter the Japanese market when it took off last August, despite EFM's track record in this sector.

Kleinwort Benson profits jump 35% to £60m

BY MICHAEL CASSELL

Kleinwort Benson, Britain's largest merchant bank, recorded pre-tax profits of £60.3m in 1985, a 35 per cent increase over the previous 12 months.

comment

While last year's figures from Kleinwort Benson are surprisingly good, and the underlying favourable trends should continue for a while, old style profits are of little consequence as attention focuses on the Big Bang. Indeed the dividend increase looks particularly generous at a time when the preservation of capital must be a priority.

The Merchants Trust PLC Highlights of the year

Table with 2 columns: Metric and Value. Includes Net earnings per ordinary share (3.79p +24.7%), Dividend per ordinary share (3.75p +25.0%), and Net asset value per ordinary share (134.0p +10.1%).

Pentos rights as profits surge

Pentos, best known for its Dillons Bookshop and its Athens chain, is to raise £9.9m in a one-for-four rights issue. The graphic art publisher and office furniture company has also announced pre-tax profits of £2.97m (£1.79m) for 1985.

KLEINWORT BENSON INVESTMENT MANAGEMENT. For a copy of the 1986 Report and Accounts available in April, please write to The Secretary, 20 Fenchurch Street, London EC3P 3DB.

COMPANY NEWS IN BRIEF. TR PACIFIC BASIN Investment Trust reports earnings of 1.16p for the year ended January 31 1986 (1.12p) and the dividend is held at 1p net with final of 0.5p.

Granville & Co. Limited. Over-the-Counter Market. Table listing various stocks with columns for High, Low, Company, Price, Change, Gross Yield, P/E, and Fully Paid.

Hongkong Bank. The Hongkong and Shanghai Banking Corporation. Ordinary Yearly General Meeting. Notice is hereby given that the Ordinary Yearly General Meeting of the shareholders of the Bank will be held in the City Hall, Hong Kong, at 2.30 pm on Tuesday 13 May 1986 to transact the following ordinary business:

THE CHILLINGTON CORPORATION PLC. Issue of Ordinary shares of 25p each and 9 1/4 per cent Cumulative Redeemable Preference shares of £1 each in connection with the proposed merger with The Anglo Indonesian Corporation Plc.

Heywood Williams Group PLC. ALUMINIUM AND GLASS SPECIALISTS. Profits up by 53%. Table showing Turnover (102,108 vs 95,170), Profit before taxation (5,525 vs 3,604), Profit for the year (3,181 vs 1,743), Earnings per share (18.4p vs 10.4p), Dividends per share (6.75p vs 6.0p).

Hongkong Bank. The Hongkong and Shanghai Banking Corporation. Results for 1985. The Directors announce that (subject to audit) the profit for the year ended 31 December 1985 attributable to the shareholders of the Bank was approximately HK\$2,719 million.

Consolidated Profit and Loss Statement. Table with 4 columns: 1985, 1984, 1985, 1984. Rows include Net profit of The Hongkong and Shanghai Banking Corporation and its subsidiary companies, Profit attributable to minority interests in subsidiary companies, etc.

Hongkong Bank. The Hongkong and Shanghai Banking Corporation. Capitalisation Issue (Bonus Issue). The Directors also intend to recommend to shareholders at the Ordinary Yearly General Meeting that a capitalisation issue of shares be made in the proportion of one new share for every five shares held on 13 May 1986 by the capitalisation of HK\$1,572,926,970 from the Reserve Fund of the Bank.

UK COMPANY NEWS

Court rules tomorrow on Rank's challenge to IBA

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Rank Organisation will learn tomorrow whether it has won its High Court challenge to the Independent Broadcasting Authority's decision to block Rank's takeover bid for Granada Television.

Bid deadline extension for Haslemere

By Michael Cassell, Property Correspondent

Rademec, the Netherlands-based investment trust, has extended the bid deadline on its bid for Haslemere Estates.

Cable and Wireless set for listing on Tokyo SE

BY YOKO SHIRATA IN TOKYO

Cable and Wireless is set to become the first British company to gain a listing on the Tokyo Stock Exchange.

The exchange yesterday applied to the Japanese Ministry of Finance for formal approval to list Cable and Wireless.

Mr Cornelis van Rijn, chairman of Rademec Property, said in a letter to shareholders that Haslemere had underperformed the property sector for several years and claimed that it would continue to do so until the company adopted a more vigorous policy towards weeding out a number of low-quality buildings within the portfolio.

Mr van Rijn said that, applying the same discount to Haslemere's recent revaluation, the shares would now be standing at a price of only 540p, substantially below the offer level.

Mr David Pickford, chairman of Haslemere, said last night: "Rademec has managed to pick up 30,237 shares since the offer day, which is derisory. Their arguments do not hold water."

Yearlings lower The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, down 1/2 of a percentage point from last week, and compares with 12 1/2 per cent a year ago.

Notice of Redemption

MOTOROLA, INC.

12 1/4% Notes due December 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 6(e) of the above-captioned notes (the "Notes"), the Company has elected to redeem \$20,000,000 principal amount of Notes on April 11, 1986 (the "Redemption Date").

The numbers of the Notes to be redeemed, bearing the prefix R, are set forth below:

Table with 2 columns: Note Number and Amount. Lists 1000 notes with their respective values.

Notes are required to be presented and surrendered for redemption at any of the following paying agencies: The Chase Manhattan Bank, N.A., London Branch; The Chase Manhattan Bank (Switzerland) Ltd; Societe Generale; etc.

Korea Exchange Bank U.S.\$125,000,000 Floating Rate Notes due 1999. Includes Morgan Guaranty Trust Company of New York as Agent Bank.

GOVERNMENT CONTRACTS ANNOUNCEMENT BY THE REVIEW BOARD

The Independent Review Board for Government Contracts is now embarking on the fifth comprehensive General Review of the profit formula used for pricing non-competitive Government contracts.

BIOTECHNOLOGY Publication date: May 2 1986. Advertisement copy date: April 14 1986. FINANCIAL TIMES proposes to publish this Survey on the above data.

LADBROKE INDEX L 2501, 254 (4-1) Based on FT Index No. 61-427 4411

1786 // 1886 Two centuries strong and building. Y. J. LOVELL (HOLDINGS) PLC MAIN GROUP ACTIVITIES: Construction, Residential and Commercial Development and Plant Hire. FURTHER GROWTH & RECORD PROFITS. SUMMARY OF THE YEAR 1985 1984. Turnover 238,540 209,133. Profit before Tax 9,036 6,420. Shareholders' funds 47,270 39,573. Dividend per Ordinary Share 7.0p 6.0p. Earnings per Ordinary Share 28.3p 25.8p. Net asset value per Ordinary Share 212.3p 200.8p.

Logo for Lovell with Arabic text 'هولدا من انجول' and 'LADBROKE INDEX'.

EARNINGS PER 25p STOCK UNIT.



OUR EARNINGS ARE NO SMALL BEER.

In the last four years Guinness has been transformed both in the UK and internationally.

We sell nearly 40 per cent of all the beer exported from the UK to overseas markets.

We have successfully launched new products both at home and abroad.

Alongside our core drinks business we have expanded in retailing and health care, both growth sectors linked by strong brand names with good consumer franchises.

All this has resulted in our Company growing in value from £90 million to over £900 million in the past four years.

During that period our shareholders have reaped the benefit.

Our earnings per share have increased by 169 per cent and our share price has shown an almost six-fold increase.

Proof indeed that Guinness should be good for Distillers.

GUINNESS PLC

Guinness and Distillers. More than just a merger.

This advertisement is published by Morgan Grenfell & Co Limited and The British Linen Bank on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly. SOURCE: Guinness Annual Report and Accounts 1985.

UK COMPANY NEWS

Framlington's profits climb by nearly 80%

A NEAR 80 per cent rise in interim pre-tax profits from £518,000 to £928,000 was achieved by the Framlington Group unit trust managers. After-tax profits virtually doubled for the period to end-December 1985 from £305,000 to £600,000 and shareholders get their interim payment doubled to 3p.

Total group sales rose by just 5 per cent from £24.37m to £25.59m, with the group, like other established unit trust groups, losing market share as the life companies come into the expanding unit trust fields. However, gross profit on sales rose over 30 per cent from £753,000 to £986,000 and man-

agement charges by over 70 per cent from £277,000 to £1m following the implementation of a higher charging structure in line with the unit trust industry. Expenses of publicity costs climbed by a third from £907,000 to £1.22m, partly reflecting the expansion in business and personnel. This left operating profit up by more than 80 per cent to £769,000.

Investment and other income of the group climbed by two-thirds to £159,000 against £39,000. The legal and other costs associated with the agreements with Credit Commercial de France and with Laurence, Prust & Co, amounting to £79,000 were treated as extraordinary items.

comment
Framlington had a good first half result despite growing competition in the unit trust field. Its decision to put up its charges in line with the industry started to pay off during the period with not only higher fees, but more business from the higher promotions made possible from the higher charges. But the best is still to come for the group and the market is expecting an even better second half. First, it will get the full benefit of the higher charges. Second, it

Candover expands and doubles dividend to 4p

AN INCREASE of 18 per cent in net value and an upsurge of 73 per cent in pre-tax profit has been achieved in 1985 by Candover Investments, the management buy-out specialist. The dividend is being doubled to 4p net per share.

In what is described as an active year, the group made 16 investments including the £61m buy-out of Caradon, comprising most of the former building products division of Reed International. This was Candover's largest transaction to date.

At the year-end net assets attributable to ordinary shares stood at £14.18m, or 198p per share, compared with £12.02m or 168p. Profit before tax came to £765,000, against £267,000; when adjusted for interest of £171,000 saved following the repayment of loan notes when Candover's shares were listed in December 1984, the increase over last year is 73 per cent.

Investment income was £607,000 (£495,000), financial services £762,000 (£253,000), and investment dealing £214,000 (£213,000) for total income of £1,583,000 (£816,000). Earnings were shown at 6.21p (3.42p) per share.

Looking to the future, the directors say the flow of interesting projects continues at a satisfactory level, and the trading prospects of the companies in which Candover has already invested are in general encouraging.

Subject to the stock market remaining favourable, a number of the companies in which Candover and the Hoare Candover Fund have holdings expect to obtain a listing this year.

The principal transaction announced since the year-end was the buy-out of Swan Hunter Shipbuilders, the first privatisation organised by the company.

Also, in partnership with Electra Investment Trust, the Electra Candover Direct Investment Plan was established under which £260m has been committed by over 35 institutions, principally in the UK and US, to finance the equity portion of large UK-based management buy-outs.

comment
The market has been well contented with Candover Invest-



What's the big attraction?

Is it Bristol's rapidly expanding high technology base? Or our highly skilled workforce? Or the pulling power of a major financial centre with excellent road, rail and air links? Or the allure of our beautiful environment? Of course, it's a combination of factors. How else could Bristol attract all these top companies?

For further forceful arguments, contact Mike West, Bristol's Director of Economic Development. Bristol House, 22 Park Street, Bristol BS1 2LV. Tel: (0272) 291620. Telex: 41974 BRBDDG

De Beers

Provisional Annual Financial Statements and Declaration of Dividend

The following are unaudited abridged consolidated financial statements for the year ended 31st December 1985 together with comparative figures for the year ended 31st December 1984.

CONSOLIDATED INCOME STATEMENT		CONSOLIDATED BALANCE SHEET	
Year ended 31st December 1985		Year ended 31st December 1984	
R millions		R millions	
Diamond account	1144	565	
Investment income	315	183	
Other interest	82	80	
Share of retained profits after tax of associated companies	386	310	
Net surplus on realisation of fixed assets	8	(1)	
Net surplus on realisation of investments	27	8	
	1898	1145	
Deduct:			
Prospecting and research	109	89	
General charges	8	9	
Interest payable	162	155	
Amount written off fixed assets and loans	3	5	
	282	258	
Profit before tax	1576	887	
Deduct:			
Tax	374	167	
State's share of profit under mining leases	37	2	
	411	169	
Profit after tax	1165	718	
Deduct:			
Profit attributable to outside shareholders in subsidiaries	128	73	
Dividends on preference shares	2	2	
	130	75	
Net profit attributable to deferred shareholders before extraordinary items	1035	643	
Deduct:			
Share of extraordinary losses of associated companies	63	(79)	
	972	722	
Deduct:			
Transfers to reserves including share of retained profits of associated companies	336	390	
Deferred dividends—55 cents per share (1984: 40 cents)	196	144	
	532	534	
Increase in unappropriated profit	438	188	
Earnings per deferred share before extraordinary items—excluding share of retained profits of associates	180	82	
—including share of retained profits of associates	288	179	

CONSOLIDATED BALANCE SHEET		Year ended 31st December 1985		Year ended 31st December 1984	
R millions		R millions		R millions	
Deferred share capital	1	1			
Non-distributable reserves	2082	1688			
Distributable reserves	6066	4647			
Deferred shareholders' funds	8146	6354			
Preference share capital	7	7			
Outside shareholders' interests in subsidiary companies	250	340			
Long- and medium-term liabilities	980	881			
	9343	7582			
Fixed assets:					
Claims, mining interests and property	313	254			
Plant, permanent works and buildings	127	83			
Unlisted trade investments	408	363			
	848	710			
Stores and materials	121	99			
Diamond stocks	4887	3875			
Listed investments (Market value R5 291 million — 1984: R3 282 million)	2672	2321			
Unlisted investments (Directors' valuation: R446 million — 1984: R307 million)	191	138			
Long-term loans	143	318			
Loan portion of tax	—	12			
Deferred tax and State's share of profit	—	7			
	8557	7300			
Current assets:					
Cash	281	138			
Other current assets	1213	1134			
	1494	1272			
Less:					
Current liabilities:					
Tax	218	56			
Dividends	145	100			
Creditors	458	476			
Bank borrowings	152	378			
	1068	1010			
Net current assets	486	262			
	9343	7582			

Notes:

- Diamond sales**
CSO sales in 1985 expressed in the currency of sale rose by US\$210 million or 13 per cent to US\$1 823 million. When expressed in Rand at the rates ruling at the time of each sight, sales were R4 027 million compared with R2 906 million the previous year. The encouraging trend of the second half of last year has continued at the first two sights of this year.
- Diamond stocks**
Diamond stocks increased by R1 012 million of which R1 110 million is attributable to the lower Rand/Dollar exchange rate as applied to opening stocks offset by a real reduction in stocks of R98 million. Converted at the rates of exchange at the end of each year stocks totalled US\$1 950 million in 1984 and US\$1 898 million in 1985, a reduction of US\$52 million.
- Group borrowings**
Of the R200 million redeemable preference shares issued by subsidiary companies at the end of the previous year R111 million were redeemed during 1985, leaving the amount outstanding at the end of the year at R89 million. Long and medium-term liabilities increased by R99 million to R980 million while net current assets improved by R204 million resulting in an apparent overall reduction in funding of R216 million. Had the conversion rate used in 1985 applied to both years, such improvement would have amounted to R332 million.
- Certain comparative figures have been restated to conform with the current year's presentation.**
- The Rand/Dollar exchange rate at 31st December 1985 was US\$0.5883 (1984: US\$0.5833).**

Declaration of dividend No. 132 on the deferred shares

shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 1st April 1986 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency. Provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 27th March 1986.

The effective rate of non-resident shareholders' tax is 11.682 per cent.

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board
12th March 1986 J. OGILVIE THOMPSON | Directors
N. F. OPPENHEIMER

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)
Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa
Company Registration No. 11/00007/06

Microfilm rises to £0.68m

Microfilm Reprographics, a USM-quoted microfilming bureau, has announced a substantial increase in pre-tax profits for the six months to end-December 1985.

On turnover ahead from £1.49m to £3.76m, the pre-tax result has jumped from £190,000 to £684,000, and the directors say that sales in January and February were significantly higher in all divisions than in the comparable period last year.

They are lifting the net interim dividend to 1p (0.5p). Turnover and profits for Datacom have been included from July 1 1985.

BTR Canadian sale

BTR, the industrial holding group, is selling the Canadian tyre business acquired as part of the Dunlop takeover last year to Dunlop Tire Corporation, the former Dunlop US tyre business bought out by its management.

Dunlop Canada Inc is a trading company with no manufacturing operations.

Federated Housing ahead and seeks full listing

Federated Housing, the Surrey-based housebuilder with a USM quote, raised pre-tax profits in 1985 for the fifth year running. They improved by 16 per cent from £1.25m to £1.45m through interest charges went up from £248,000 to £819,000. Turnover was down from £17.27m to £13.53m.

Federated, which was floated in November 1983, is now applying for a full listing and expects dealings to start soon after April 7.

The proposed final dividend is 2.2p (2p) bringing the year's

Antofagasta nears £7.5m

Antofagasta Holdings raised its 1985 profits by £1.1m to £7.48m and says the improvement reflected satisfactory results by the railway operation in Chile.

Earnings rose from 62.1p to 107.8p and a final dividend of 22.5p lifts the total by 7.5p to 27.5p gross per £1 share.

BOARD MEETINGS

TODAY	Friday	Mar 24
Intermex-Belmont Consolidated Gold	Betrow Hopton	Mar 24
Fisher Corporation, Lewisa, A. and J. Mucklow, Old Court Inter-nations Reserve, Twentynine United Collieries	Boddington Breweries	Mar 20
Smith	Brook Engineering	Mar 20
Smith	Cambridge Electronic Industries	Mar 17
Smith	Fisher (James)	Mar 17
Smith	Grampian Holdings	Mar 24
Smith	Highlands and Lowlands	Mar 21
Smith	Leisuretime International	Mar 13
Smith	Manders	Mar 27
Smith	Matthews (Barrett)	Mar 26
Smith	Morison (Wm.) Supermarkets	Apr 3
Smith	Octopus Publishing	Mar 20
Smith	Rowntree Macintosh	Mar 13
Smith	Slough Estates	Apr 1
Smith	Smith and Nephew	Mar 20
Smith	Superdrug Stores	Mar 20
Smith	Teaco	Mar 28
Smith	Weir Group	Apr 3
Smith	World of Leather	Mar 13

INSURANCES OF CREDIT

THE UK BRANCH OF LES ASSURANCES DU CREDIT S.A.

Home & Export Cover

01-680 1565 Telex 25204
PARK HOUSE, 22 PARK STREET, CROYDON CR0 0YH

This notice complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

U.S. \$100,000,000

PepsiCo Capital Resources, Inc.

(Incorporated in the State of Delaware, United States of America)

8 3/8% Guaranteed Notes Due 1991

Unconditionally guaranteed by

(Incorporated in the State of Delaware, United States of America)

The following have agreed to purchase the Notes:

Salomon Brothers International Limited	Goldman Sachs International Corp.
Algemene Bank Nederland N.V.	Banque Bruxelles Lambert S.A.
Banque Nationale de Paris	Banque Paribas Capital Markets Limited
County Bank Limited	Crédit Commercial de France
Credit Suisse First Boston Limited	Crédit Lyonnais
Dresdner Bank Aktiengesellschaft	Daiwa Europe Limited
Manufacturers Hanover Limited	Lloyds Merchant Bank Limited
Orion Royal Bank Limited	Morgen Grenfell & Co. Limited
Swiss Bank Corporation International Limited	Morgan Guaranty Ltd
	J. Henry Schroder Wagg & Co. Limited
	Union Bank of Switzerland (Securities) Limited

Application has been made to the Council of The Stock Exchange for the Notes, issued at a price of 101 1/2 per cent, to be admitted to the Official List.

Interest on the Notes, calculated as set out in the Listing Particulars dated March 11, 1986, is payable annually in arrears. The first payment falls due on April 1, 1987.

Listing Particulars relating to the Notes, the Issuer and the Guarantor are available in the External Statistical Service and copies may be obtained during usual business hours up to and including March 14, 1986 from the Company Announcements Office at The Stock Exchange and up to and including March 26, 1986 from:

Cazenove & Co. 12 Tokenhouse Yard London EC2R 7AN	The Chase Manhattan Bank, N.A. Woolgate House Coleman Street London EC2P 2HD
---	---

March 12, 1986

FT COMMERCIAL LAW REPORTS

No indemnity from charterers for shipowners' cargo damage liability

BENLINE SHIPPING (Private) Ltd v AN BORD BAINNE ("The C Joyce")

Queen's Bench Division (Commercial Court): Mr Justice Bingham, March 4 1986

SHIPOWNERS WHO are liable under bills of lading for cargo damage...

HIS LORDSHIP said that the C Joyce was chartered under a charterparty in the Gencon form...

The charterparty contained an indemnity clause, clause 12, which provided that the master was to sign and issue bills of lading...

accept that they would be ultimately liable for any claim the cargo owners might establish...

The questions of law for the arbitrators were (a) whether the charterers were liable to indemnify the shipowners...

Clause 2 of the Gencon form current in 1973 relieved the shipowners of liability for damage to cargo save for proof of their personal want of due diligence...

It was therefore expressly agreed that bills of lading should be in terms which would expose the shipowners to liability under the Hague Rules...

must depend on implication. He contended that such a right was necessarily to be implied into the terms of the charterparty...

The question was whether it was necessary to be implied from all the relevant terms of the charterparty...

There was no such implication. It was clearly stipulated that all bills of lading signed under the charterparty should include the clause Paramount...

For similar reasons implication was not necessary to give the contract business efficacy. The shipowners accepted there was no decision as to which they could rely as showing they were entitled to indemnity...

which stated that if the indemnifier, having been put on notice of the impending proceedings, refused to act as a will in general, be stopped from denying the validity of the judgment...

To succeed the shipowners must establish as a matter of law that the charterers, having been given notice of the claim in South Africa and the claim having been settled, were estopped from contesting shipowners' liability...

It was however a large stride and common practice for a defendant to give notice of a claim against him and of any such facts for reaching prior to the hearing...

It was however a large stride from a common sense tactical practice to a rule of law. The rule contended for would present charterers with a choice between taking over the defence of a claim which they believed such a fact-finding process, or thereafter (if that belief was falsified) finding themselves bound to indemnify...

AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics, including Abbey Unit Trust, British Unit Trusts, and others.

APPOINTMENTS

Group chief for Marley

Mr George Russell has been appointed group chief executive of MARLEY. He was managing director of British Alcan Aluminium.

Services end Mr Donald Webster-Sinclair becomes its company secretary.

Following the recent management buy-out of Bison Concrete, Mr Charles A. Fraser has been appointed chairman of BISON HOLDINGS, the parent company.

Mr I. R. H. Beattie and Mr D. Prescott have resigned as directors of James Neil Holdings.

Mr Edward Thompson has been appointed financial director of WARDLE STOREYS and will assume his duties early in April.

Mr John L. Barrows has resigned from the board of the PRESS ASSOCIATION.

Dr John Penney has been appointed managing director (designate) of the board of MITSUBISHI ELECTRIC UK.

Mr Roger Ollerton has joined BROOKES AND VERNONS (MIDLANDS) in Birmingham as client services director.

Dr Alan Rudge has been appointed director of BIRLAND CONSULTING ENGINEERS. He is managing director of ERA Technology.

By Rachel Davies Barrister

Mr Ernest H. Sharp has been appointed a non-executive director of MECCA LEISURE GROUP. He was a joint managing director of Grand Metropolitan from 1984 to 1980.

Mr Rob Irving has been appointed to the board of CULLEN'S HOLDINGS.

Following the appointment of Mr Charles Spivey as chairman and chief executive of HAMBROS BANK (Financial Times, March 6), the following have become directors of the bank: Mr J. D. Thomas, Mr R. A. Thomson, Mr K. T. Williams and Mr C. E. Wilson.

Mr Anthony Rentoul has been appointed secretary of THE DAILY TELEGRAPH.

Mr Ivan Dunstan has been appointed director of the BRITISH STANDARDS INSTITUTION from June 1. He succeeds Mr Derek (Spinks) Spickernell as director.

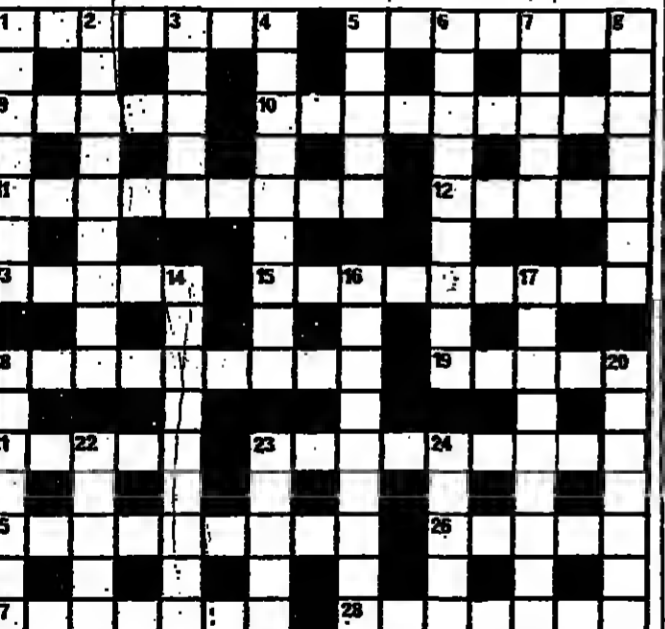
Mr Roger Ollerton has joined BROOKES AND VERNONS (MIDLANDS) in Birmingham as client services director.

Mr Martin James has been appointed general manager of McDONNELL DOUGLAS INFORMATION SYSTEMS, Hemel Hempstead.

Mr Geoff Miller, a deputy general manager of BARCLAYS BANK, has been appointed general manager of JUNE II.

EMESS LIGHTING has appointed Mr John Shilwell to the Group Board. He is chief executive of Marlin Electric, a company acquired by Emess last August.

F.T. CROSSWORD PUZZLE No. 5,970



- ACROSS: 1 It's smart to know a young bird! (7) 2 Ticking master's back before exercising (5) 3 Walk between the seats (5) 4 Worn out by midnight, ride off with a criminal (9) 5 This play may be older, ma'am (9) 6 The Job Centre say "why, in all possibility it's true!" (8) 7 Spoke at length with old copper on beat (5) 8 Turning in, elipt and was abducted (9) 9 Entering old-fashioned public school, set of (3) 10 Ringby returned it before getting bored (5) 11 Said "I'd dropped Monsieur Jack" back after the dance (5) 12 Black Rock Ravine in colour (9) 13 He attacks the last Asian doctor (9) 14 Back to promote the Railway Journal (5) 15 Attack man with very little money (7) 16 The soldiers ate outside, being exhausted (7) 17 DOWN: 1 Delighted when the Conservative leader gets hurt (7) 2 Broke in; thereupon fly escape (9) 3 Massage Ken clumsily, taking Mltin notice (5) 4 Novel place to sell a card game (9)

RS COMPONENTS has appointed Mr Grant F. Rabey to the board.

Mr I. R. H. Beattie and Mr D. Prescott have resigned as directors of James Neil Holdings, wholly-owned subsidiary, SPEAR & JACKSON INTERIORS. Mr Prescott will continue as managing director of Spear & Jackson (Industrial).

Mr Edward Thompson has been appointed financial director of WARDLE STOREYS.

Mr John L. Barrows has resigned from the board of the PRESS ASSOCIATION, being no longer eligible to serve following his departure from Westminster Press. Sir Richard Storey, chairman of Portsmouth and Sunderland Newspapers, has been co-opted to the board to fill the vacancy.

Dr John Penney has been appointed managing director (designate) of the board of MITSUBISHI ELECTRIC UK.

Mr Roger Ollerton has joined BROOKES AND VERNONS (MIDLANDS) in Birmingham as client services director. He joins from the Graham Poulter Partnership where he held a similar position.

Dr Alan Rudge has been appointed director of BIRLAND CONSULTING ENGINEERS.

Mr Martin James has been appointed general manager of McDONNELL DOUGLAS INFORMATION SYSTEMS, Hemel Hempstead. Mr Geoff Miller, a deputy general manager of BARCLAYS BANK, has been appointed general manager of JUNE II.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, companies, and their details. Includes columns for company names, addresses, and financial data.

INSURANCES

Handwritten signature or mark at the bottom right of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Main table containing financial data for various insurance, overseas, and money funds. Columns include fund names, managers, and performance metrics.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas funds with their respective details and performance data.

TRADITIONAL OPTIONS

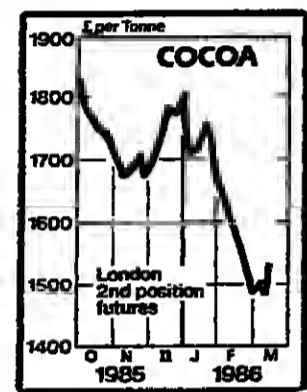
Table listing traditional options with 3-month call rates and other relevant information.

Notes and additional information regarding the fund listings and market conditions.

COMMODITIES AND AGRICULTURE

Cocoa price up sharply as pact hopes revive

By Ivo Dawany in Brussels
NEGOTIATIONS on a new International Cocoa Agreement which broke down dramatically last week following the walk out of the Ivory Coast now seem to be on course...



Confusion over the cocoa talks began at the end of last month when the Ivory Coast surprised both fellow producer countries and the European Commission...

Abidjan's decision, once confirmed, prompted the EEC - the largest consumer group - to announce that it too would abandon the pact...

Discussions immediately began on how to set about winding up the agreement. However, when Mr. Lorenzo Natali, the Development Commissioner, visited the Ivory Coast...

The US delegation's visit comes amid signs of an attempt on both sides to lower the temperature of their dispute over export subsidies...

Richard Mooney writes: Reports of the change in the Ivorian attitude to the pact brought a quick response on the London futures market...

The May position in London, which had fallen by more than \$300 since the start of the year, rallied to \$32.50 the day after it fell to \$31.50 a tonne.

Pessimism about prospects for a new pact and the possibility of the existing 100,000 tonnes buffer stock having to be liquidated have been largely responsible for the price slide in recent weeks.

WEEKLY METALS

All prices as supplied by Metal Bulletin.
ANTIMONY: European free market, 99.5 per cent, \$ per tonne in warehouse, 2,650-2,720.
BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 3.25-3.40.
CADIUM: European free market, min. 99.99 per cent, \$ per lb, in warehouse, 6.40-6.55.
TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit, 50. cif, 53-61.
VANADIUM: European free market, min. 98 per cent V2O5, \$ per lb V2O5, cif, 2.35-2.38.
URANIUM: Nuxeco exchange value, \$ per lb U3O8, 17.00.

Confrontation looms in Australian coal industry

BY PATRICIA NEWBY IN MELBOURNE
STRIKES ARE likely to disrupt the Australian coal industry over the next few weeks as miners press their claims for a AS\$70 a week pay rise. And the Queensland Government has backed away from a head-on clash with the militant coal unions over the State Government's proposed legislation to outlaw strikes in export industries.

Yesterday the Coal Industry Tribunal started hearings into the miners' claim but adjourned the hearings until Friday because bans were in force by some workers in Queensland.

The unions and employers have already failed to agree on fundamental issues. The coal owners wanted the unions to undertake that there would be no industrial action while the pay hearings were taking place...

Aid boost for cane growers

BY PATRICIA NEWBY
AUSTRALIA'S EMBATTLED sugar cane growers received some good news this week with the announcement that the Queensland state government is to provide a further AS\$24m in grants over the next three years.

The Queensland Cane Growers Council has accepted the offer for up to AS\$9m a year for the next three years to help the industry with interest on stock holdings and advance payments.

US and EEC officials seek to calm farm trade friction

BY ANDREW GOWERS IN WASHINGTON
SENIOR agriculture officials from the US and the EEC are to make another attempt today to dampen growing trade friction provoked by farm export subsidies and by the accession of Spain and Portugal to the Community.

Both issues will head the agenda during routine talks in Brussels between Mr. Daniel Amstutz, Under Secretary for International Affairs at the US Department of Agriculture, and senior representatives of the European Commission.

The US delegation's visit comes amid signs of an attempt on both sides to lower the temperature of their dispute over export subsidies. Last autumn, the Reagan Administration announced that it would complain to the General Agreement on Tariffs and Trade (GATT) over the EEC's restrictive trade rules.

US officials now appear to be going out of their way to underline the similarities between EEC and US export subsidies, particularly since the passage of the US Farm Act, which makes the Export Enhancement Programme mandatory.

None the less, US Administration remains seriously concerned at the possibility that win back markets lost to the

LONDON MARKETS

THE COFFEE price pendulum continued on the upswing in the London futures market yesterday, but with trading ranges. The May position added 532 to Monday's \$14 rise as the firm tone in the New York market helped London traders to ignore the bearish influence of strong strength against the dollar.

The world sugar market was also firm with nearby prices on the London futures market finishing around 10 1/2 higher and just below 10 1/2-month highs. Once again the New York market led the way and the uptrend was fuelled by reports of enquiry for white sugar by Pakistan and Bangladesh.

There was also talk of resumed Indian buying for another 100,000 tonnes. The cocoa market reversed its recent downturn as reports from Brussels that the Ivory Coast was retaining 150,000 tonnes of the International Cocoa Agreement prompted a \$22.50 rise in the May position to \$1,536.50 a tonne.

ALUMINIUM

Official closing (am): Cash 982.5 (982.5); three months 1004.5-5.5 (1004.5-5.5); settlement 994 (994). Final Korb close: 1007.5. Turnover: 13,700 tonnes.

COPPER

Official closing (am): Cash 982.5 (982.5); three months 1004.5-5.5 (1004.5-5.5); settlement 994 (994). Final Korb close: 1007.5. Turnover: 13,700 tonnes.

CATHODES

Official closing (am): Cash 982.5 (982.5); three months 1004.5-5.5 (1004.5-5.5); settlement 994 (994). Final Korb close: 1007.5. Turnover: 13,700 tonnes.

LEAD

Official closing (am): Cash 245.5-5.5 (245.5-5.5); three months 259.5-5.5 (259.5-5.5); settlement 245.5 (245.5). Final Korb close: 257.5. Turnover: 500 tonnes.

NICKEL

Official closing (am): Cash 245.5-5.5 (245.5-5.5); three months 259.5-5.5 (259.5-5.5); settlement 245.5 (245.5). Final Korb close: 257.5. Turnover: 500 tonnes.

TIN

Official closing (am): Cash 245.5-5.5 (245.5-5.5); three months 259.5-5.5 (259.5-5.5); settlement 245.5 (245.5). Final Korb close: 257.5. Turnover: 500 tonnes.

ZINC

Official closing (am): Cash 245.5-5.5 (245.5-5.5); three months 259.5-5.5 (259.5-5.5); settlement 245.5 (245.5). Final Korb close: 257.5. Turnover: 500 tonnes.

GOLD

Gold rose \$14 an ounce from Monday's 324.50 to 338.50 in the London market yesterday to finish at 334.50-335.50 and traded between a high of 334.50-335.50 and a low of 331.50-332.50.

INDICES FINANCIAL TIMES

Table with columns for Index Name, Date, and Value. Includes REUTERS, DOW JONES, and MAIN PRICE CHANGES.

NEW YORK

Table with columns for Commodity, Price, and Change. Includes ALUMINIUM, COFFEE, and COPPER.

CHICAGO

Table with columns for Commodity, Price, and Change. Includes LIVE CATTLE, COFFEE, and HOGS.

MEAT

Table with columns for Commodity, Price, and Change. Includes BEEF, PORK, and LAMB.

COFFEE

Table with columns for Commodity, Price, and Change. Includes Arabica and Robusta coffee prices.

COCOA

Table with columns for Commodity, Price, and Change. Includes Cocoa prices for various grades.

SOYABEAN MEAL

Table with columns for Commodity, Price, and Change. Includes Soyabean meal prices.

GRAINS

Table with columns for Commodity, Price, and Change. Includes Wheat, Corn, and Soyabean prices.

RUBBER

Table with columns for Commodity, Price, and Change. Includes Rubber prices for various grades.

US MARKETS

DOLLAR weakness prompted buying in precious metals and copper but uncertainty with regard to the eventual outcome of the London tin crisis kept buying somewhat subdued, reports Helms.

NEW YORK

Table with columns for Commodity, Price, and Change. Includes ALUMINIUM, COFFEE, and COPPER.

CHICAGO

Table with columns for Commodity, Price, and Change. Includes LIVE CATTLE, COFFEE, and HOGS.

MEAT

Table with columns for Commodity, Price, and Change. Includes BEEF, PORK, and LAMB.

COFFEE

Table with columns for Commodity, Price, and Change. Includes Arabica and Robusta coffee prices.

COCOA

Table with columns for Commodity, Price, and Change. Includes Cocoa prices for various grades.

SOYABEAN MEAL

Table with columns for Commodity, Price, and Change. Includes Soyabean meal prices.

GRAINS

Table with columns for Commodity, Price, and Change. Includes Wheat, Corn, and Soyabean prices.

RUBBER

Table with columns for Commodity, Price, and Change. Includes Rubber prices for various grades.

Vertical advertisement for 'KEY MARK' featuring a large graphic of a key and the text 'KEY MARK' and 'caution'.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses ground

The dollar failed to sustain a rally above DM 2.2800 against the D-mark yesterday and closed back to below DM 2.27 as sellers once more gained the ascendancy. Some correction to Monday's sharp improvement had been inevitable after a quiet morning. Sellers picked up as the US unit failed to attract any follow-through buying. A number of US economic statistics are due for release later this week and may provide some clue on the performance of the US economy. However, with last week's round of interest rate cuts now out of the way, the market expected to be bullish trend in the absence of any other factors to influence trading. The dollar closed at DM 2.2650, down from DM 2.2800 and Y179.25 compared with Y180.00. Elsewhere, it slipped to SF 1.6220 from SF 1.6300 and FF 6.9675 against FF 7.0125. On the bank exchange rate index fell from 118.0 to 118.0.

£ IN NEW YORK

against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.3310. Exchange rate index 134.5 against 123.8 six months ago. The D-mark improved against the dollar as the latter failed to sustain a rally above DM 2.2800. It closed at DM 2.2650 from DM 2.2800 on Monday. Earlier in the day it had been fixed at DM 2.2700 without any intervention by the Bundesbank. The D-mark improved against the dollar as the latter failed to sustain a rally above DM 2.2800. It closed at DM 2.2650 from DM 2.2800 on Monday. Earlier in the day it had been fixed at DM 2.2700 without any intervention by the Bundesbank.

FINANCIAL FUTURES

Further peaks

Sterling interest rate contracts rose on the London International Financial Futures Exchange yesterday, while US Treasury bond futures were also firm, but Eurodollar futures finished unchanged, at the day's low. Long term gilt for June delivery opened higher at 121.20, encouraged by the overnight strength of the US bond market. The contract touched a high of 122.01, a new peak, but fell back to 121.20 by the end of the day. Sterling interest rate contracts rose on the London International Financial Futures Exchange yesterday, while US Treasury bond futures were also firm, but Eurodollar futures finished unchanged, at the day's low.

LONDON

Table with columns: Instrument, Price, Change, High, Low, Prev. Includes 30-YEAR NATIONAL GILT, US TREASURY BONDS, and THREE-MONTH STERLING.

CHICAGO

Table with columns: Instrument, Price, Change, High, Low, Prev. Includes US TREASURY BONDS and US TREASURY BILLS.

POUND SPOT - FORWARD AGAINST POUND

Table showing spot and forward rates for various currencies against the pound, including US Dollar, Swiss Franc, and Japanese Yen.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing spot and forward rates for various currencies against the dollar, including British Pound, Swiss Franc, and Japanese Yen.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values for various countries like Australia, Canada, and France.

OTHER CURRENCIES

Table showing exchange rates for currencies such as the Australian Dollar, Canadian Dollar, and Japanese Yen.

CURRENCY RATES

Table showing current exchange rates for major currencies like the British Pound, Swiss Franc, and Japanese Yen.

EXCHANGE CROSS RATES

Table showing cross-rates between major currencies such as the Pound, Dollar, and Yen.

CURRENCY RATES

Table showing current exchange rates for various European currencies.

STERLING INDEX

Table showing the Sterling Index and its performance against various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for Euro-currency deposits of various maturities.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing the value of the European Currency Unit (ECU) against other currencies.

AGGREGATE BALANCES

Table showing aggregate balances for various categories like local authorities and investments.

MONEY MARKETS

Cautious optimism on satisfactory M3

The rise of 1 per cent to sterling M3 money supply during the five weeks to February 19 was within the general range of forecasts, and regarded as broadly neutral by the London money market yesterday. The figure neither enhanced or set back hopes of an early cut in clearing bank base rates, but dealers suggested that views provided by the authorities in supplying liquidity to the banking system pointed towards caution. A cut in base rates is still expected, but probably not until around Budget time, next week, with opinions divided offered, and at that time the authorities bought 550m bills for resale on March 26, at rates of 12 1/2-13 1/2 per cent. Later in the morning 550m bills were purchased outright in hand 2 at 12 1/2 per cent. In the afternoon 226m bills were bought outright, in hand 2 at 12 1/2 per cent. Late assistance of £270m was also provided in the form of bills maturing in official hands, repayment of Treasury assistance and a take-up of Treasury bills drained 230m, with £50m. These outweighed a fall to the note circulation adding £40m to liquidity.

MONEY RATES

Table showing money market rates for various currencies and instruments.

LONDON MONEY RATES

Table showing London money market rates for various currencies and instruments.

TABLE 1

Table 1: Aggregate Balances and Liabilities.

TABLE 2

Table 2: Individual Group Balances.

MIKUN'S CREDIT RATINGS. Financial Information Service on Japanese Corporate Issuers. Over 2,100 bond issues by about 700 Japanese companies.

Company Notices

Multiple notices from various companies including Old Court Dollar Commodity Trust, Compagnie Financiere de Credit Industriel, British Oxygen Finance B.V., and Telefonaktiebolaget L M Ericsson.

London & Scottish banks' balances

as at February 19 1986. THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

Table showing London and Scottish banks' balances, including aggregate balances and individual group balances.

TABLE 2

Table 2: Individual Group Balances.

LONDON SHARE SERVICE

Table containing BRITISH FUNDS, AMERICANS-Cont., and FOREIGN BONDS & RAILS. It lists various investment funds with columns for Stock, Price, Div, and Yld.

BUILDING, TIMBER, ROADS-Cont. and DRAPERY & STORES-Cont.

Table listing shares in the Building, Timber, Roads, and Drapery & Stores sectors. Columns include Stock, Price, Div, and Yld.

INDUSTRIALS-Continued

Large table listing various industrial shares with columns for Stock, Price, Div, and Yld. Includes sub-sections for Engineering, Chemicals, Plastics, Food Groceries, and Hotels & Caterers.

Handwritten text at the bottom of the page, possibly a signature or note.

INDUSTRIALS-Continued. Table listing various industrial stocks with columns for High, Low, Stock, Price, and % Change.

LEISURE-Continued. Table listing leisure-related stocks with columns for High, Low, Stock, Price, and % Change.

PROPERTY-Continued. Table listing property-related stocks with columns for High, Low, Stock, Price, and % Change.

INVESTMENT TRUSTS-Cont. Table listing investment trusts with columns for High, Low, Stock, Price, and % Change.

FINANCE, LAND-Cont. Table listing finance and land-related stocks with columns for High, Low, Stock, Price, and % Change.

MINES-Continued. Table listing mining stocks with columns for High, Low, Stock, Price, and % Change.

INSURANCE. Table listing insurance stocks with columns for High, Low, Stock, Price, and % Change.

PROPERTY. Table listing property stocks with columns for High, Low, Stock, Price, and % Change.

PROPERTY. Table listing property stocks with columns for High, Low, Stock, Price, and % Change.

FINANCE, LAND, etc. Table listing finance and land-related stocks with columns for High, Low, Stock, Price, and % Change.

MINES. Table listing mining stocks with columns for High, Low, Stock, Price, and % Change.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks with columns for High, Low, Stock, Price, and % Change.

INDUSTRIALS-Continued

LEISURE-Continued

PROPERTY-Continued

INVESTMENT TRUSTS-Cont.

FINANCE, LAND-Cont.

MINES-Continued

INSURANCE

PROPERTY

PROPERTY

FINANCE, LAND, etc.

MINES

REGIONAL & IRISH STOCKS

Notes and financial details regarding the listed companies, including company names, share counts, and specific financial metrics.

LONDON STOCK EXCHANGE

MARKET REPORT

Advance continues at a relentless pace in shares and bonds

Account Dealing Dates

*First Declared Last Account Dealings Dates... Mar 17 Mar 27 Apr 7 Apr 17 Apr 27

The unprecedented run to record levels in London stock markets continued at a relentless pace yesterday.

The advance found brokers searching for new supervisives to describe markets. Besides the weight of investment money, dealers were forced to contend with aggressive speculative activity spurred by four new bid announcements.

Business slackened waiting the 2.30 pm announcement of the February banking statistics, the last important financial data before the budget.

Interest in the Chemical sector remained selective. Wardle Stores were firm at 292p, up 10, but Foseco, a rising market recently, was down 10p.

Woolworth buoyant Early attention in Stores centred on Woolworth which advanced 35 to 532p after 50p, amid speculation of a bid from Dixons; the latter advanced 10 to 320p.

Kleinwort Benson Kleinwort Benson's better-than-expected annual results... advanced 35 to 532p after 50p.

FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

support ahead of their respective trading statements scheduled for April 23, left GRE and Sun Alliance up 17 pence to 517p and 422p respectively.

As expected, the shares of high quality label printers Jervis Porter commanded a hefty premium in first-time dealings, 97 times oversubscribed at the offer price of 105p, the shares opened at 160p, but drifted back on stag selling to close at 143p.

Leading Buildings were buoyed by interest rate optimism and consequently displayed numerous double-figure gains.

Business slackened waiting the 2.30 pm announcement of the February banking statistics, the last important financial data before the budget.

Interest in the Chemical sector remained selective. Wardle Stores were firm at 292p, up 10, but Foseco, a rising market recently, was down 10p.

Woolworth buoyant Early attention in Stores centred on Woolworth which advanced 35 to 532p after 50p, amid speculation of a bid from Dixons; the latter advanced 10 to 320p.

Kleinwort Benson Kleinwort Benson's better-than-expected annual results... advanced 35 to 532p after 50p.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FIXED INTEREST

Table with columns: PRICE INDICES, Ten Mar 11, Day's change, etc.

FIXED INTEREST

Table with columns: AVERAGE GROSS REDEMPTION YIELDS, Ten Mar 11, Ten Mar 10, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs, Fixed Interest, Ordinary, Ord. Div. Yield, Earnings, P/E Ratio, Total Bargains, Equity Bargains, Shares traded

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Govt. Secs, Fixed Int., Ordinary, Gold Mines, High, Low, Daily Edged, etc.

55p, and Seapa, 48p, advanced 21 and 24 respectively. Demand persisted for Pentland, up 15 further to 430p, while Orlifams, reflecting satisfactory annual results, rose 75 to 675p.

Comment on the preliminary statement assisting improvement of the price to a close of 575p, for a rise of 7 on the day. Crest Nicholson were supported at 155p, up 10, along with Bridon which gained 12 to 150p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Reproduction improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Replication improved 5 at 440p following the interim results, while demand ahead of today's preliminary figures left Systems Account, rose 15 to 450p, but Speculative buying of Sunlight on asset injection hopes helped the shares touch a new peak of 23p before closing 1p better at 22p.

Bumper full-year results also stimulated interest in Anglo Saxon, 16 up at 36p, and Candover, 15 to the good at 210p. "Shell" situation NMC returned to favour and spurred 40 to 35p, while face rallied 19 to 113p.

Oils gain ground

A much brighter mood prevailed in the recently depressed oil sector. Bullish Press comment, a slightly firmer trend in oil prices and talk of a chart "shell" situation NMC returned to favour and spurred 40 to 35p, while face rallied 19 to 113p.

RP advanced 19 to 547p while Shell - reporting preliminary results tomorrow - up 20 to 715p. Other firm features included Anglo Saxon, 16 up at 36p, and Candover, 15 to the good at 210p.

De Beers improve Annual profits in excess of the most optimistic forecasts and a substantial increase in the dividend prompted support for the diamond producer. De Beers which advanced 7 to 444p in the wake of persistent buying from the US and Johannesburg.

Other South African mining issues, however, suffered from the strength of sterling against the dollar, and the failure of the bullion price to register any worthwhile movement in either direction. Gold passed another subdued trading session with turnover again reduced to minimal levels. Currency considerations were responsible for a widespread decline in sterling quotations and the Gold Mines index fell back 7p to 322p.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

Traded Options Traded Option volume continued to improve with 20,757 contracts done - 17,240 calls and 3,517 puts. London again held centre-stage in consortium bid prospects and recorded 4,856 calls, the May 26's and 28's contributing 1,214 and 1,071 trades respectively.

RECENT ISSUES

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

FIXED INTEREST STOCKS

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

RIGHTS OFFERS

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

RIGHTS OFFERS

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

TRADITIONAL OPTIONS

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue No., Issue Date, Issue Price, Issue Size, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

RISES AND FALLS YESTERDAY

Table with columns: British, Foreign, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, May, Jun, etc.

CONSTITUTION CHANGE: Vesper (6) has been deleted and replaced by Lloyds Howard-Spencer & Bell (8). Corrected Gross Dividend Yields for 7/31/85: Groups (6) 4.34, (6) 5.83 and (9) 3.95.

WORLD STOCK MARKETS

AUSTRIA

Table of stock prices for Austria, including companies like Creditanstalt, Osterreichische Bank, and others.

GERMANY

Table of stock prices for Germany, including companies like AEG, Allianz, and others.

NORWAY

Table of stock prices for Norway, including companies like Bergens Bank, Christiania Bank, and others.

AUSTRALIA (continued)

Table of stock prices for Australia, including companies like BHP, Broken Hill, and others.

JAPAN (continued)

Table of stock prices for Japan, including companies like Dai Nippon, Daiwa, and others.

CANADA

Table of stock prices for Canada, including companies like Alcan, Inco, and others.

INDICES

Table of stock indices for various countries, including DOW, NYSE, and others.

NEW YORK

Table of stock prices for New York, including companies like IBM, GE, and others.

SOUTH AFRICA

Table of stock prices for South Africa, including companies like Anglo American, De Beers, and others.

INDICES

Table of stock indices for South Africa, including JSE and others.

FRANCE

Table of stock prices for France, including companies like Bouygues, Elf, and others.

NETHERLANDS

Table of stock prices for Netherlands, including companies like ADF, Akzo, and others.

SWITZERLAND

Table of stock prices for Switzerland, including companies like Adia, Alcon, and others.

HONG KONG

Table of stock prices for Hong Kong, including companies like Bank East Asia, China Light, and others.

JAPAN

Table of stock prices for Japan, including companies like Dai Nippon, Daiwa, and others.

SINGAPORE

Table of stock prices for Singapore, including companies like Boustead, Cold Storage, and others.

INDICES

Table of stock indices for Singapore, including SSEC and others.

NEW YORK

Table of stock prices for New York, including companies like IBM, GE, and others.

SOUTH AFRICA

Table of stock prices for South Africa, including companies like Anglo American, De Beers, and others.

INDICES

Table of stock indices for South Africa, including JSE and others.

OVER-THE-COUNTER Nasdaq national market, 2:30pm

Large table of over-the-counter stock prices for various companies, including Intel, Microsoft, and others.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, including companies like IBM, GE, and others.

LONDON Chief price changes

Table of price changes in London, including companies like BP, Shell, and others.

BRUSSELS

Table of price changes in Brussels, including companies like SAB, and others.

HOW TO ORDER THE FT FOR MORNING DELIVERY IN:

List of cities where the Financial Times can be ordered for morning delivery, including Atlanta, Boston, Chicago, etc.

Call the Financial Times direct: 212-752-4500. From 9am to 6pm New York time. Ask for Subscription Service.

FINANCIAL TIMES 14 East 60th Street, New York, NY 10022.

INFLIGHT INFORMATION

On behalf of all those business travellers who use their flying time profitably...

Lines: Eastern, Egyptair, El Al, Ethiopian Airlines, Finnair, Gbana Airways, Gib Air, Gulf Air, Iberia, Iceland Air, JAT Yugoslav Airlines, Japan Air Lines, Kenya Airways, Kuwait Airways, KLM, Lufthansa, Luxair, Maersk, Malaysian Airlines, Middle East Airlines, Northwest Orient Airlines, Olympic Airways, Pakistan Airlines, Pan American World Airways, Peoples Express, Philippine Airlines, Qantas, Royal Air Maroc, Scandinavian Airlines System, Sabena, Saudi Arabian Airlines, Singapore Airlines, South African Airways, Swissair, TAAG Angola Airlines, TAP Air Portugal, TWA, Thai Airways International, Tower Air, UTA, Varig Airlines, Viava, Virgin Atlantic, World Airways, Zambia Airways.

Feel free to ask for your Financial Times.

Two ways to read the Financial Times.

1 Wake up extra early to give yourself plenty of time. Rush through your breakfast, gulp down the coffee and dash out of the house.

2 Have it delivered. (It means you can rely on your vital business news every day without fail.)

The local newsagent has run out of the FT, so decide to pick up a copy from the newsagent near work. The shop is crowded. Wait in line.

At last! You have your copy. As you leave the shop, a sudden downpour drenches you and your paper. You sprint the two blocks to the office.

Bump into a colleague in the lift. He spies your FT, and delighted, requests to borrow it, promising to return it later.

Much later that day, your FT is returned. But now you're too busy so it has to wait until after work.

You finally settle down and read the FT before dinner.

Subscribe today. We deliver. To: The Financial Times (Europe) Ltd, Guilloisstrasse 54, 6000 Frankfurt/Main 1. Tel: 75980. Telex: 416193.

YES I WOULD LIKE TO SUBSCRIBE TO THE FINANCIAL TIMES. (PLEASE TICK)

6 months 12 months 24 months Charge to my American Express Card account. Bill me

Card No. EXPIRY DATE

Name

Title

Company

ADDRESS TO WHICH YOU WOULD LIKE YOUR FT DELIVERED

SIGNATURE DATE

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

LONDON - FRANKFURT - NEW YORK

AUSTRIA Sub Rate: OS 2590, (6 month), OS 1170, (12 month), OS 7090, (24 month). Hand Delivery Supplement: OS 350, (6 month), OS 700, (12 month), OS 1245, (24 month).

AMEX COMPOSITE PRICES

Prices at 3pm, March 11

Table with columns: Stock, Div, P/E, High, Low, Close, Change. Lists various stocks and their prices.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table with columns: Stock, Sales, High, Low, Last, Change. Lists over-the-counter stocks and their prices.

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Fed moves revive credit hopes

THE GROWING belief that the Federal Reserve will ease credit policies in order to stimulate the US economy drove bond market yields to new lows and the stock market to new highs yesterday, writes Terry Byland in New York.

The Fed intervened in the credit market to supply reserves when federal funds crept up to 7 1/2 per cent. The funds rate later eased again but other short-term rates held steady.

Bond prices opened sharply higher, pushing the long-term yields down to 7.92 per cent before the pace slackened. Beneath the overall firmness in equities, profits were taken in some sectors at first. But buyers remained comfortably in the majority.

The forecast from an industry analyst at First Boston that world oil prices are about to "bottom out" lifted oil stocks without upsetting the rest of the industrial stock market. Gains in the oil majors were extended as crude oil futures turned higher on the New York Mercantile Exchange.

By 3 pm, the Dow Jones industrial average was up 20.83 at 1,723.78.

The Standard & Poor's 500 and the NYSE composite indices touched new peaks.

Exxon, up 5/8 at \$53 1/4 in moderate turnover, led the oil majors ahead. Not all analysts agreed that oil prices may be about to turn higher. But, with the sector looking oversold, prices rose sharply when buyers showed up.

Atlantic Richfield gained 5/8 to \$50 1/4 in brisk trading and Chevron at \$1 1/4 to \$38 1/4. Occidental Petroleum, battered last week by worries over the dividend, jumped 1 1/4 to \$24 1/4, topping the NYSE active stocks list in heavy turnover.

The doubts over oil prices sparked profit-taking in airline stocks. A weak feature was American, down 1 1/4 to \$49 1/4 in heavy turnover after the directors warned that "deep fare discounting" had brought an operating loss in the first quarter - confirming Wall Street's worries about the industry.

United fell 1 1/4 to \$55, while Eastern at \$8 1/4 was unchanged, and TWA 3/4 firmer at \$16 1/4.

But on the American Stock Exchange, Texas Air dipped 5 1/4 to \$29 1/4 as investors waited for the next move in the Eastern acquisition.

Chemical stocks made little response to oil price forecasts. Dow added 5/8 to \$50 1/4 after the board forecast "improved profitability." There was heavy trading again in Union Carbide 3/4 firmer at \$19 1/4.

Strength in the high-technology sector also helped the market. IBM regained a further 1 1/4 to \$149 1/4 in good turnover, taking Honeywell up 1 1/4 to \$75 1/4 in its wake. Digital Equipment, however, after remaining firm against the rest of the sector, ran into profit-takers and fell 1 1/4 to \$160 1/4. General Motors had a weak session, shedding 3/4 to \$78 1/4 after temporarily halting the curb in production

brought about by an increase in the number of unsold cars. Ford eased 3/4 to \$71 1/4 but Chrysler held steady at \$39 1/4.

Signs of a renewed easing in the US dollar helped pharmaceutical stocks, led by Merck which added 3/4 to \$151 1/4 and Pfizer, up 5/4 to \$151 1/4.

Retail stocks remained in good form despite the latest indication that unemployment remains high in the US. K mart edged up 3/4 to \$39 1/4, and J. C. Penney 3/4 to \$65 1/4, but turnover was light in both cases. Sears Roebuck, unchanged at \$45 1/4, made no response to the market's expectations of lower interest rates.

The banks, however, remained on the upside as this week's falls in money market rates balanced the cuts in the banks' own prime lending rates. Bankers Trust at \$50 1/4 gained 5/8, Chase Manhattan added 3/4 to \$46 1/4 and Citicorp 3/4 to \$50 1/4.

However, bank stocks lost impetus as Treasury-bill rates started to rise. The savings and loan stocks, which would also benefit from any further dip in interest rates, edged forward. Financial Corporation of America added 5/8 to \$18 1/4.

In the credit market, money market rates turned higher despite the Fed's intervention with \$1.5bn of customer repurchase arrangements. The Fed's move fits market belief that the monetary authority will slacken its grip in the face of this week's economic data, which is likely to disclose further sluggishness in the economy. The rise in T-bill rates merely appeared to reflect technical factors.

Bond prices remained near the day's peak levels, with 30-year yields now firmly established below 8 per cent.

EUROPE

Rate cut tremors still felt

THE TREMORS of last week's cut in interest rates continued to be felt on the European bourses yesterday while the more stable dollar offered investors a second opportunity to move back into export-oriented stocks.

A lively Frankfurt rally was triggered by hectic bond trading in the wake of an upswing in US fixed-income markets. The stock market followed quickly and the Commerzbank index jumped 44.8 to 2,063.3.

Bonds were buoyed by speculation of another round of international interest rate cuts soon, according to dealers. Prices rose by as much as one full point among longs, while shorts added up to 30 basis points. Both domestic and overseas buyers were active.

Bundesbank market balancing operations remained quiet heavy with sales of DM 78.6m of paper compared with Monday's DM 71.3m. The average public authority yield declined to 5.80 per cent yesterday from the 5.88 per cent of the previous session.

The 8 per cent 1988 federal government loan stock rose 75 basis points to 101.60 and the two 6 per cent 1986 federal bonds surged almost a full point, the first issue added 90 basis points to 104.55 and the other 95 basis points to 104.85.

Calculations by the Westdeutsche Landesbank Girozentrale showed bank paper yields on 10 year maturities down to 8.67 per cent from 6.70 per cent, while five-year paper dipped to 5.87 per cent from 5.88 per cent.

In the stock market, chemicals were busy again with Bayer finding further support. At DM 350, it closed DM 11 higher. BASF added DM 7.40 to DM 325.40 and Hoechst picked up DM 8.70 to DM 329. The sector has enjoyed steady domestic and foreign support in recent weeks largely due to the falling oil price and the consequent impact on chemical feedstock costs.

BMW turned in one of the best showings among the quality car groups with a DM 5 gain to DM 558. Daimler followed up Monday's dazzling display with a more modest DM 5 rise to DM 1,289 while Volkswagen added DM 3.70 to DM 557.20.

Among more active banks, Deutsche Bank jumped DM 18.50 to DM 817.50, while Dresdner settled DM 15.50 higher at DM 413.50 ex-rights. Commerzbank put on DM 10 to DM 307.

Stores rebounded from the Monday's weakness and Karstadt unravelled all of its loss with a DM 12 recovery to DM 383. Herten added just DM 2.50 to DM 239.

Brussels gained ground largely due to persistent buying of market leader Petrofina. The industrial group, which represents some 25 per cent of bourse capitalisation, firmed BFr 150 to BFr 6,810. Leading chemical group Solvay added a further BFr 70 to BFr 8,000 after Monday's set-back and UCB picked up BFr 90 to 6,900.

Belgian reluctance to cut interest rates in line with other European countries weighed heavily on utility stocks with Intercom down a further BFr 45 to BFr 3,585 and Ebes BFr 60 cheaper at BFr 4,560. The Belgian Stock Exchange index rose 10.42 to 3,310.48.

Stockholm retreated from the record of the previous session. Profit-takers were evident in most sectors.

Electrolux was the most active after the board of White Consolidated recommended shareholder acceptance of the Swedish group's bid for the US appliance maker. It added SKr 7 to SKr 278.

Asca was also stronger with a SKr 10 rally to SKr 390 but Volvo retreated SKr 3 to SKr 309. Fermenta continued to lose ground with its SKr 2 retreat to SKr 131 and Pharmacia closed SKr 3 cheaper at SKr 194. Ericsson, the most active on Monday, turned SKr 1 lower to SKr 282 in reduced trading.

MoDo dipped SKr 12 to SKr 230 after Monday's results.

Copenhagen staged a broad retreat led by Novo, the insulin and enzymes producer, which announced lower profits, despite higher sales, for last year. Novo fell 135 percentage points to 1,215 per cent of nominal value, while Superfos, the chemicals-to-construction group, edged 8 points lower to 304 per cent and a strong profits forecast for 1986.

Milano made solid progress on the eve of the end-account position squaring session today.

Zurich was steady to firmer while Madrid managed a broad advance.

Paris retreated in active trading ahead of the weekend elections and Amsterdam finished the day mixed.

AUSTRALIA

CORPORATE NEWS highlighted trading in Sydney where the All Ordinaries share index gained 8.1 to 1,063.1 and the All Industrials put on 12.5 to a record 1,684.4.

BHP added 10 cents to A\$6.42 on news that the Government will not intervene in the partial takeover bid by Bell Resources, which rose 5 cents to A\$4.65. Parent company, Bell Group, gained 4 cents to A\$6.40.

News Corporation, which reported a 125 per cent increase in first half profits, rose 95 cents to A\$13.95 while Herald and Weekly Times gained 12 cents to A\$5.58.

Brierly Investments, also with strong earnings, rose 20 cents to A\$6.40 and ACI International, which is the subject of a takeover offer at A\$3.20 from Equitricorp Tasman, rose 3 cents to A\$3.30.

NEW ZEALAND

LATE PROFIT-TAKING failed to stop Wellington from surging to a record as trading in Brierley Investments dominated the market for the second straight session.

The Barclays index added 6.97 to 2,165.82, the fifth consecutive record, on turnover of 5.9m shares.

Brierley dropped 30 cents to NZ\$8.50 after news of a larger than expected net profit and a one-for-one rights issue. Fletcher Challenge added 4 cents to NZ\$3.35 ahead of its six-month profit announcement due today.

LONDON

Relentless record run continues

THE RELENTLESS run to record levels continued in London yesterday, spurred by the prospect of lower bank base rates together with confidence on the UK economic outlook.

Far Eastern, European and US investors were evident with gilts the main attraction for buyers from the continent. The main equity indices gave a sparkling performance, with the FT-SE 100 climbing 24.9 points to a record 1,597.1 and the older-established FT Ordinary share index ending 21.2 higher at 1,326.8, extending its gain to over 200 points since January 24.

Gilts rose to their highest points for many years. After the announcement of the February banking statistics, the last important data before the budget, the market went further ahead.

Long gilts showed gains of around one point, shorts were up 1/2, while index-linked stock ended up nearly one point.

Chief price changes, Page 37, Details, Page 36, Share information service, Pages 34-35.

SINGAPORE

LACK OF BUYING interest kept investors on the sidelines in Singapore yesterday and prices drifted lower.

Although the debate in Parliament yesterday on the Bumiputra Malaysia finance scandal did not trigger a wave of selling, sentiment was subdued.

Singapore Airlines continued higher, adding 10 cents to S\$6.50 while Fraser and Neave put on 5 cents to S\$6.20. Rothmans, however, was 12 cents easier at S\$3.68 and Singapore Press gave up 5 cents to S\$5.95.

CANADA

A SPURT OF activity pushed Toronto higher after Monday's flat performance. After last week's court ruling which ordered Lac Minerals to hand over a gold mining property to Corona Resources, Lac slid another 1/4 to C\$23 and Corona gained C\$1 1/4 to C\$24 1/4.

Banks were firmer with Bank of Nova Scotia ahead C\$ 1/4 at C\$13 1/4, Canadian Imperial Bank of Commerce C\$ 1/4 up at C\$19 1/4.

In Montreal, utilities, banks and industrials were higher with Imasco C\$ 1/2 higher at C\$29 1/2.

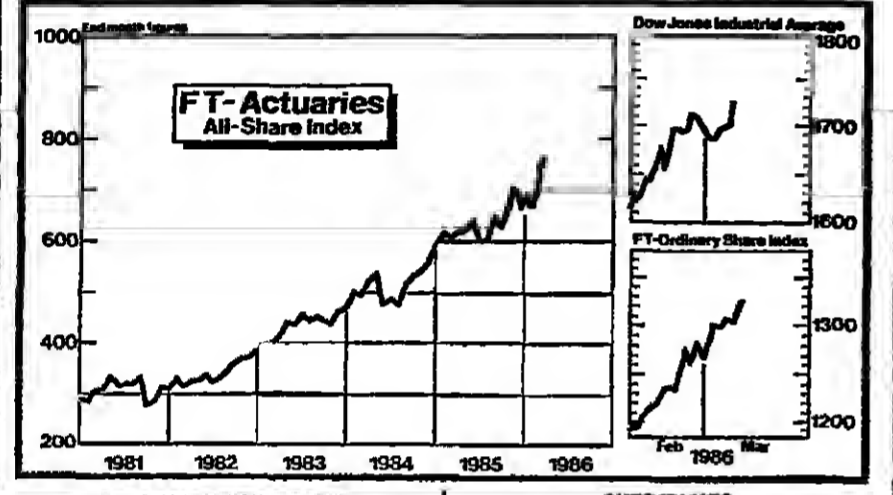
SOUTH AFRICA

GOLD SHARES extended their losses in Johannesburg yesterday, in the absence of any fresh factors.

Southvaal shed R3.50 to R111, Kloof 50 cents to R21, Anglo American Gold R5 to R217 and Driefontein R1.50 to R51.75.

Diamond share De Beers, the world's largest diamond producer, gained 30 cents to R19.55 after announcing higher earnings for 1985 and a 13 per cent rise in sales for the last year.

STOCK MARKET MONITORS



STOCK MARKET INDICES			
	March 11	Previous	Year ago
FT-Actuaries All-Share Index	1,723.78	1,702.95	1,268.55
DJ Industrials	737.96	733.06	611.71
DJ Utilities	186.24	182.81	147.57
S&P Composite	229.96	226.58	178.79

LONDON			
	March 11	Previous	Year ago
FT-Ord	1,326.8	1,305.6	990.4
FT-SE 100	1,597.1	1,572.2	1,290.8
FT-A All-shares	776.85	765.12	625.86
FT-A 500	858.51	843.82	695.10
FT Gold mines	322.5	330.4	481.7
FT-A Long gilt	9.33	9.43	10.71

CURRENCIES			
	March 11	Previous	March 10
US Dollar (London)	2.285	2.28	2.2975
DM	179.85	180.65	261.75
FFr	6.9573	7.0125	10.145
Sfr	1.9205	1.9365	7.7975
Quilizer	2.5565	2.5735	3.7225
Lira	1.5385	1.5465	2.2400
Bfr	46.3	46.65	67.4
CS	1.398	1.3975	2.042

INTEREST RATES			
	March 11	Prev	
Euro-currency rates (3-month offered rate)			
\$	11 1/4	12	
Sfr	3 1/4	3 1/4	
DM	4 1/4	4 1/4	
FFr	14 1/4	14 1/4	

US BONDS				
	March 11	Prev	Yield	
8 1988	101 1/2	7.149	101 1/2	7.11
8 1993	100 1/2	7.572	105 1/2	7.61
8 1998	107 1/2	7.715	107 1/2	7.85
9 2016	114 1/2	7.945	119 1/2	8.02

STOCK MARKET INDICES			
	March 11	Previous	Year ago
FT-Actuaries All-Share Index	1,723.78	1,702.95	1,268.55
DJ Industrials	737.96	733.06	611.71
DJ Utilities	186.24	182.81	147.57
S&P Composite	229.96	226.58	178.79

LONDON			
	March 11	Previous	Year ago
FT-Ord	1,326.8	1,305.6	990.4
FT-SE 100	1,597.1	1,572.2	1,290.8
FT-A All-shares	776.85	765.12	625.86
FT-A 500	858.51	843.82	695.10
FT Gold mines	322.5	330.4	481.7
FT-A Long gilt	9.33	9.43	10.71

CURRENCIES			
	March 11	Previous	March 10
US Dollar (London)	2.285	2.28	2.2975
DM	179.85	180.65	261.75
FFr	6.9573	7.0125	10.145
Sfr	1.9205	1.9365	7.7975
Quilizer	2.5565	2.5735	3.7225
Lira	1.5385	1.5465	2.2400
Bfr	46.3	46.65	67.4
CS	1.398	1.3975	2.042

INTEREST RATES			
	March 11	Prev	
Euro-currency rates (3-month offered rate)			
\$	11 1/4	12	
Sfr	3 1/4	3 1/4	
DM	4 1/4	4 1/4	
FFr	14 1/4	14 1/4	

US BONDS				
	March 11	Prev	Yield	
8 1988	101 1/2	7.149	101 1/2	7.11
8 1993	100 1/2	7.572	105 1/2	7.61
8 1998	107 1/2	7.715	107 1/2	7.85
9 2016	114 1/2	7.945	119 1/2	8.02

STOCK MARKET INDICES			
	March 11	Previous	Year ago
FT-Actuaries All-Share Index	1,723.78	1,702.95	1,268.55
DJ Industrials	737.96	733.06	611.71
DJ Utilities	186.24	182.81	147.57
S&P Composite	229.96	226.58	178.79

TOKYO

Enthusiasm remains unabated

BUYING ENTHUSIASM remained unabated in Tokyo yesterday, boosting the Nikkei average to yet another record, writes Shigenobu Nishizaki of Jiji Press.

But concern began to overtake investors who are worried by the more than 1,000-point rise in the index in only a month, market observers said.

The Nikkei average rose 9.70 to 14,066.22 and volume soared from 467m shares on Monday to 647m. Losers outpaced gainers 442 to 433, with 110 issues unchanged.

Since the beginning of the month, trading has centred on speculative favourites. But some large-capital stocks among utilities drew massive buy orders in early trading yesterday for the first time in many sessions. Tokyo Electric Power put on Y100 early in the session on the day's fifth heaviest trading of 9.15m shares and scored the highest value in total turnover. It closed Y70 higher at a record Y3,240.

Tokyo Gas, second busiest with 24.72m shares, moved up Y4 to Y367, after reaching a new high of Y371. Nippon Express came third with 20.88m, gaining Y10 to Y710 to match its record.

Institutional investors joined individuals in selecting large-capital stocks. But these issues lost popularity rapidly in the afternoon due to the spreading caution and gave way to medium and low-priced speculative leaders.

Trading in Nichiro Gyogyo shot up, giving it the top slot on the active list. The fishery issue advanced Y39 to close at Y309 after wild fluctuations on a volume of 29.56m shares. Janome Sewing Machine finished Y50 up at Y1,500.

However, paper and printing issues, bought Monday on speculation about the yen's redenomination, lost ground under selling pressure. Oji Paper shed Y11 to Y534 and Dai Nippon Printing Y10 to Y1,470.

Blue chips were mixed, with Sony closing Y30 lower at Y3,540 and Hitachi dipping Y1 to Y736 on a volume of only 830,000 shares. Among biotechnologies, Yamaguchi Pharmaceutical went down Y30 to Y2,960 and Green Cross Y40 to Y2,170.

Bond investors were encouraged by the US 30-year Treasury bond yield's temporary overnight plunge below 8 per cent, and many issues showed record low yields in Tokyo. Dealers and institutional investors had expected the upsurge in bond prices to halt for a while following the recent discount rate cuts by Japan, the US and West Germany. However, they now look for Japan and the US to opt for another reduction in view of the firm US long-term bond market.

The bellwether 8.2 per cent government bond maturing in July 1995 and the 6.8 per cent government bond due in December 1994 yielded 5.075 per cent against Monday's 5.175 per cent and 5.085 per cent against 5.170 per cent, respectively, both all-time lows. Trading was mostly in the hands of dealers, with institutional investors remaining inactive.

Hongkong and Shanghai Bank, which after trading released lower-than-expected results, shed 15 cents to HK\$7.85 while its subsidiary Hank Seng Bank fell HK\$1.00 to HK\$45.00.

Hongkong Electric was unchanged at HK\$8.80 ahead of news that profits for 1985 rose by 94 per cent.

Cet emprunt ayant été entièrement souscrit, le présent avis est publié à titre d'information seulement

Gaz Métropolitain, inc.

(Constituée sous l'autorité des lois de la province de Québec)

50 000 000 \$ CAN

Obligations non garanties 10 5/8%

échéant le 18 décembre 1995

Prix d'émission : 100 1/4 %

Société Générale

Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A.

Caisse de dépôt et placement du Québec CIBC Limited

Citicorp Investment Bank Limited Commerzbank Aktiengesellschaft

Crédit Lyonnais Crédit Suisse First Boston Limited

Dominion Securities Pitfield Limited Generale Bank

Genossenschaftliche Zentralbank Aktiengesellschaft Lévèques, Beaubien Inc.

Merrill Lynch Capital Markets Orion Royal Bank Limited

Shearson Lehman Brothers International Yamachi International (Europe) Limited

Al Saudi Banque (A.S.B.) Banque Leu International Ltd. Bank of Tokyo International Limited

Crédit Industriel d'Alsace et de Lorraine Compagnie Monégasque de Banque Crédi du Nord

Daiva Europe Limited Finacor Great Pacific Capital Lyods Merchant Bank Limited

Nashit Thomson Ltd. The Nikko Securities Co., (Europe) Ltd. Rabobank Nederland

Société Générale Alsacienne de Banque Takagin International Bank (Europe) S.A.

December 1985

هذا من السفر

SECTION III

FINANCIAL TIMES SURVEY

Business Travel

The travel industry is seeking new ways to woo the business executive. Blandishments include higher quality transport services and easier computerised booking

Pampering the executives

By DAVID CHURCHILL

TRAVELLING ON business is a pleasure for some and a chore for others. To the appeal of travel chairman, bliss after years of travelling the world on business, the thought of yet another trip to New York or Hong Kong may not be exciting. But to the rising young executive, the appeal of travel at someone else's expense still retains much of the glamour...



One airline's view of how the executive wants to travel: the super executive cabin on a British Caledonian DC10

The exact size of the business travel market, however, is difficult to calculate precisely since it depends on the definition of what is included and what is left out of the various sub-markets. American Express, for example, carried out a survey last year which suggested that the total amount spent by British companies on travel and entertainment was an annual £17.4bn.

overstating the size of the market and Mintel believes that expenditure by UK companies on business travel is no more than £11bn a year. This comprises £3bn each for petrol and accommodation costs, £2bn each for air fares and entertaining and £1bn for rail and car hire.

CONTENTS
The Airlines Travel Agents 2
Regional Air Services Air Taxis 4
Credit Cards Women Executives 6
US Cost Control Air Travel Costs 7
Car Rental UK Hotels 8
British Rail World Rail 9
Conferences Insurance 10
US Hotels Incentives 11
Airlines of the Future 12

be the least popular destination for the business traveller. Business travel, however, is not just one-way. Over a fifth of all visits to the UK are classed as business trips, with executives from the US, France, and West Germany (in that order) being the most frequent visitors. About a quarter of all expenditure in the UK by overseas visitors now comes from business travellers, compared with a fifth in the late 1970s.

FROM APRIL 12TH One-terminal simplicity at Heathrow to and from South Africa. SAA move to Heathrow Terminal 1. For air travellers connecting with other airports throughout the UK, Ireland and Europe, SAA offer one-terminal simplicity at Heathrow Terminal 1. SAA SOUTH AFRICAN AIRWAYS ...we make the difference.

America's Skyline. Daily non-stop to Houston and on to more than 50 other cities across the USA & Mexico. CONTINENTAL AIRLINES The only airline worth flying. Houston easy Continental connections to over 50 cities across the USA, Mexico & Canada.

Business Travel 2

Better service in battle to win customers

The airlines

MICHAEL DONNE

ANYONE READING business journals and quality newspapers could hardly fail to realise that a major battle is being waged among the airlines for that most prized of all their customers, the business traveller.

As the volume of air travel continues to rise—last year, according to the International Civil Aviation Authority's estimates, some 892m people flew on scheduled domestic and international services worldwide—the pattern of travel is changing. While business and leisure travel are rising, the latter has tended to rise at a faster rate, as a result of the influence of widespread fares discounting, especially on long-haul routes.



How the interior of a Club Class section on British Airways normally looks. The middle seat is left vacant, although on some occasions when demand is high on given routes or services, BA fills that seat.

This has had two primary effects. First, it has encouraged more and more business travellers to avoid the economy, tourist or discount sections of the aircraft involved, so as to escape the congested seating and reduced standards of in-flight service that have tended to accompany the growth of cheap-fare long-distance travel.

Secondly, this in turn has encouraged the airlines to give greater recognition to this more discerning class of traveller, and to make greater efforts to give him or her a higher standard of comfort, both in terms of seating in separate cabins and improved in-flight standards of service.

It is now a fact that on many long-haul airlines, the volume of business class travel in separate cabins is greater than the even higher-fare first class traffic.

The latter remains strongly business oriented—few travellers pay for first-class travel out of their own pockets—but the improving levels of business-class service on the airlines has encouraged many companies to use the business-class cabins as opposed to first class, leaving the economy-class to the mass travellers at the cheapest fares.

For long-haul flights, the quality of most business-class service is now much higher than it used to be, as a result of the competition between the airlines for this higher-fare traffic. Seating standards have been improved (in some airlines, the business-class now gets what used to be the first-class seating, the latter itself having been extensively upgraded with new "sleeper" style seats), and the overall quality of in-flight service has risen.

On most long-haul air routes, there is a choice for the business traveller of at least two competing airlines. On a

Business visitors to UK

Expenditure by overseas residents 1970-84

Year	Total		Business
	£m	% of total	
1970	432	81	23.3
1971	489	109	22.3
1972	550	123	22.4
1973	682	149	21.8
1974	834	200	24.0
1975	1,114	249	22.4
1976	1,628	336	20.6
1977	2,179	457	21.0
1978	2,502	528	21.1
1979	2,765	597	21.6
1980	2,938	734	24.8
1981	3,163	763	24.1
1982	3,635	795	21.9
1983	4,635	886	19.1
1984 (provisional)	4,195	1,020	24.3

Source: International Passenger Survey/Mintel.

few routes, notably across the North Atlantic between the UK and New York, the choice is much greater, and it is here that the battle for business traffic is at its fiercest.

British Airways, as a result of its successful Putting People First campaign, has done well in this struggle, and it has escalated the fight even more in recent weeks by offering a guarantee of carrying all business-class (which it calls Super Club) travellers, even if the business-class cabin is full, by upgrading them to first-class at no extra charge, or even sending them on Concorde if the first-class cabin is full. Alternatively, it is offering them an economy class ride, with another Super Club ticket as a bonus.

Although the battle is primarily being conducted through the medium of advertising, it is supported by personal mail shots and even visits to major actual and potential air transport users by sales representatives of the airlines.

The point is that the sales attack has to be sustained. The average business traveller is keenly aware of his or her significance to the airline, and quick to spot any slippage of

Class seats, three-abreast on either side of the aisle, can often make for a considerable degree of discomfort, and does not justify the higher fare (compared with economy class) that the airline charges.

Other (foreign) airlines appear to be much more aware of the need to give the business traveller a better standard of seating and in-flight service on short-haul European routes, and despite their desire to "fly British," many UK business travellers frankly opt for the foreign carrier for this reason on many routes.

Whether the steadily increasing competition on short-haul European routes—with British Caledonian and other airlines operating alongside BA—will effectively achieve an improvement in this situation remains to be seen.

So far, most of the emphasis in the progressive deregulation of European air routes sought by the UK Government has been on getting fares down, rather than on improving the quality of service for business travellers. But one effect of the increasing volume of cheaper fare traffic on those routes may be more pressure from business travellers for improved standards for themselves, to justify their fares differential.

Every business traveller has his or her own views of what constitutes good service, and each has a favourite airline on a given route. From the airline's point of view, such allegiances are expensive to win, and it is often surprising that they do not do more to recognise the loyalty that many of their passengers give them.

In today's climate of increasing computerisation of information, it should not be difficult for airlines to keep full records of regular travellers, and offer them incentives or rewards for regular use of a particular airline or route. In the US, the Frequent Flyer system is widely used, whereby business travellers can log miles every time they fly with a particular airline, so that when they reach a specified figure, they qualify for bonuses such as discounts or even free tickets.

This is expensive for the US airlines, but it tends to encourage a style of "brand loyalty" that does not exist elsewhere.

It is also a potent weapon in the fierce competitive battles that take place in the deregulated US airline market place, that many airlines there use to good effect.

Whether a similar system could be employed in Western Europe remains to be seen but it is perhaps not going too far to suggest that the airline that does introduce it on this side of the Atlantic would stand to win a substantial amount of business on short-haul and long-haul operations.

Business class services

Offered by 33 major airlines

Service	Number of airlines offering
Separate check-in	33
In-flight entertainment	33
Newspapers/magazines	33
Choice of entrees with meal	33
Free drinks	33
Comfort amenities kit	31
Special meals prepared on request	29
First class baggage allowance	28
Advance seat selection	28
Priority baggage handling	27
Free drink including champagne	26
Use of lounge facilities	25
Priority boarding/disembarkation	22
On-board wardrobe	18
Complimentary airport transfer	10
Choice of three entrees	9
On-board mail service	9
Free cabin bag	5
Ditto with admin./seniorial service	3
On-board telex/telephone	2

Source: Hoop Robinson Business Travel Services/Mintel.

No single airline offers all these facilities: on average 13 of the 21 listed are offered.



Nearly 300 computer communications DPAS air ticket printing and accounting systems have been installed in UK travel agencies. Together with Travicom electronic reservation equipment, this is the system in use in more than 90 per cent of automated specialist business travel departments

Clients' in-house challenge

Travel agents

ROBERT OAKDALE

TRAVEL AGENTS are facing new competition in the provision of business travel services—from the companies they have traditionally supplied.

The background is the rapidly developing technology which by the end of the 1970s had enabled electronic reservations and automatic ticketing to be installed wherever there was a telephone. Airport ticketing machines operated by a credit card were also demonstrated in the 'seventies and are now widely used in the US and spreading to Europe.

Many large companies want the latest equipment and facilities in their travel departments, enabling them to cut out travel agents, and it has now become perfectly feasible to provide it.

Some travel industry experts forecast that the result of allowing company travel departments the use of reservations and ticketing facilities will be the erosion of the existing means of travel product distribution in Britain. They want to maintain the agreement that only UK travel agents and airlines may supply air tickets.

A similar argument took place in the US very soon after travel agents trying to push back the incoming tide and failing. Eventually American legislation was relaxed and now it is more than a year since the law changed, allowing access to tickets to anyone in the US whom the airlines wish to supply, not only travel agents.

This move towards greater access by the public directly to principals' databases may be repeated in the UK very soon. Several American airlines last year, began a vigorous sales campaign to introduce their electronic reservation systems into British agencies. Pan Am has now broken ranks and will supply tickets to its Prestel-based electronic reservation system to members of the Institute of Travel Managers.

Install

Others are on the verge of installing this equipment in company travel departments. American Airlines Sabre and United Airlines Apollo are believed to have over 30 terminals already installed in British agencies. Delta, Eastern and TWA will not be far behind in placing their systems in this country. Gerry Fernback, UKTAA President and immediate past chairman of the Guild of British Travel Agents (GBTAA) (thinks that expenditure on equipment without ticket stocks makes commercial nonsense. In other words companies will also want to benefit from the commission on ticket sales.

In Britain, Travicom offers a multi-access system allowing electronic reservations to be made with 64 airlines. Eastern and TWA will not be far behind in placing their systems in this country. Gerry Fernback, UKTAA President and immediate past chairman of the Guild of British Travel Agents (GBTAA) (thinks that expenditure on equipment without ticket stocks makes commercial nonsense. In other words companies will also want to benefit from the commission on ticket sales.

only one step away from a company running its own travel agency. In the US the National Passenger Traffic Association has set up its own agency in New York which it plans to expand by franchising throughout America. The UK Institute of Travel Managers also considered setting up its own agency through which members would place corporate travel arrangements.

In the US this development was inevitable once travel departments of companies could handle bookings and undertake ticketing, receiving the same discount as an agent. Yet although these travel departments did all the work, appointed travel agents of airlines remained, in theory, responsible for these corporate accounts and collected override commissions. The new NPTA initiative will be able to gather in these override commissions.

The British ITM decided, however, at its annual conference held in Dublin in mid-February not to go ahead with its own agency chain, perhaps influenced by the cost. Some big corporations which have set up their own travel agencies have in fact been selling them off. Instead ITM has decided the existing UK distribution system for travel services remain the most efficient.

Yet, while there may soon be alternatives to use of a travel agent, the huge range of added value services which agents can provide remain beyond the capacity of most individual companies to arrange for themselves.

There has, for example, been a very rapid development in the type of information now provided to companies concerning travel and other expenditure. Analyses are provided detailing how much has been spent and what savings have been achieved because of the expertise of the travel company. These savings can be huge, far greater than the 2 per cent to 5 per cent discount that may be achieved as part of a contract.

Thomas Cook have already developed a means of providing customers with this information on-line and already over 20 pilot sites are experimenting with the use of direct access to their travel agents' computers.

Most of the emphasis in recent years has been on the buyer in the business travel company, the travel manager and the finance director.

There has been a necessary emphasis on price and value for money. Although agents are actively continuing to pursue that route, they also recognise there is another ingredient in this equation, namely the traveller.

Thomas Cook has just finished a survey into the likes, dislikes, needs and wants of travel managers and others making travel purchasing decisions. At the same time it has conducted research into the needs of the business travellers themselves.

There are often conflicts—the travel manager's job is to purchase as cost efficiently as possible, whereas the travelling business man does not necessarily want to save his company money. He may prefer to travel first class and always stay at the best hotels.

There are other significant contrasts too between women business travellers and men which travel agents believe they are best-equipped to resolve

Agents say they can provide clients with a flexible management information system that will enable them to control their total expenditure, and bring into play the buying power of a large travel organisation. Substantially reduced corporate hotel and car hire rates and specially discounted air fares are examples.

Companies with direct access can also sometimes find the

Attraction

There are other reasons why many companies do not want to be in the travel business, despite the attraction of savings because of direct commissions.

FREE FROM CUNARD. YOUR WIFE'S FARE TO NEW YORK ON QE2, AND \$400 TO PUSH THE BOAT OUT IN BLOOMINGDALES.


Never has a New York shopping spree been such a bargain. For the price of one QE2 fare to New York and one air ticket back we'll give you a double cabin and 2 air tickets.

We'll also give you vouchers to spend in New York's most glamorous department store, Bloomingdales, \$400 worth if you travel QE2 First Class, \$250 for Transatlantic Class.

The offer applies whether you take your wife, husband or friend on any of QE2's 22 Atlantic crossings this year.

Prices start from £1630 for two and for just £399 extra each, you can even fly Concorde one way.

For full details, contact Cunard, 30A Pall Mall, London SW1Y 5LS (Tel: 01-491 3930) or see your travel agent.



QUEEN ELIZABETH 2

A member of the Cunard Line Fleet

最短

TOKYO NON-STOP



On April 1st, Japan Air Lines will be bringing Tokyo closer to London.

That's when we become the only airline to operate non-stop flights from London to Tokyo, offering the fastest route to Japan from the UK.

The flights will leave Heathrow at 19:20 every Tuesday, arriving in Tokyo, on Wednesday at 14:55 saving almost 6 hours on normal flight times.

On all other days we will continue our one-stop flights from Heathrow to Tokyo via Anchorage, including two on Saturdays.

And, of course, all our flights offer the Japanese hospitality and serene efficiency that have made us the world's number one international airline.



JAPAN AIR LINES

Everything you expect and more.

DATA Services

1234 5678



Complimentary Helicopter Service From JFK When You Fly Pan Am First Or Clipper® Class To New York.

We'll fly you from JFK to E. 60th St. Manhattan or the Wall Street area in just eight minutes. Or to Newark Airport in fifteen minutes.

Service is frequent. There's a helicopter to connect with most Pan Am flights.

And service is in both directions. So when you've finished your business in Manhattan (or Newark), we'll fly you back to JFK for your flight home.

You must have a reservation, but that's easy. Just call your Travel Agent, or Pan Am on 01-409 0688 or key Prestel 21554.



Pan Am. You Can't Beat The Experience.®

Helicopter service is operated for Pan Am by Omniflights Helicopter Services, Inc. Schedule subject to change without notice.

Business Travel 4



The main concourse of Manchester International Airport and an unusual get together of three Concorde launching the advent of Super Shuttle at Glasgow Airport

British Airways grants ease the risk for operators

Regional air services

MICHAEL DONNE

OVER THE next few months, a major expansion in the volume of international services flown between UK regional airports and the Continent by the smaller regional airlines is expected to take place, as a result of the injection of some £6.75m of British Airways' cash into those airlines.

This situation has evolved following the Government's White Paper on Airline Competition Policy some time ago, in which it was revealed that BA was prepared to make grants to smaller regional airlines of up to £450,000 per route over a three-year period for some 15 routes between regional airports and the Continent, so as to encourage the development of regional air services. The primary regional airports involved are Birmingham, Manchester, Aberdeen and Glasgow.

Stimulate

This largesse represents the biggest single cash injection into the regional airline situation in the UK for many years, and is bound to help stimulate the development of short-haul air services between airports outside London and the South East and airports on the Continent, to the benefit of business air travel.

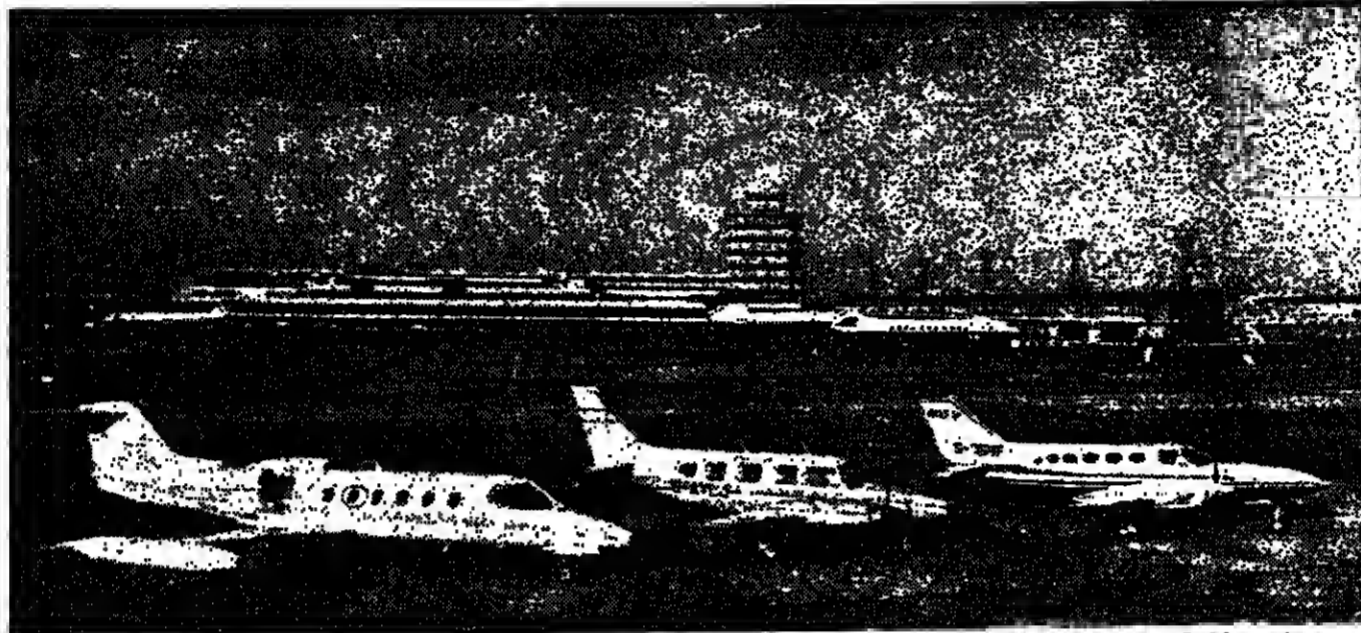
Developing regional air services has always been in the past a difficult, if not a highly speculative, business for the airline operators.

On many regional air routes, especially international routes, the volume of traffic is small by comparison with that generated from such major hubs as London's Heathrow, and many attempts over recent years to establish such services have failed because the finance required has outstripped the capacity of the airlines involved and traffic has failed to expand at the rate required to make such services viable.

The BA offer, supported by the Government, is designed to help change that situation, by helping the smaller regional airlines to launch new international air services, and so take some of the strain off London and south-east airports by stimulating operations from major provincial centres.

Many small regional airlines submitted applications for the BA cash to the Civil Aviation Authority, which after much deliberation made recommendations to the Secretary of State for Transport, which the Department has now substantially confirmed.

The airlines named by the Department to receive the BA cash are: Air Ecosse (Aberdeen to Dublin); Euroair (Aberdeen to Esbjerg); Ace Aviation (Glasgow to Brussels, Gothenberg and Hamburg); Air Europe (Manchester to Gibraltar); Birmingham Executive Airways (Birmingham to Düsseldorf, Frankfurt, Stuttgart and Amsterdam); Connectair (Manchester to Rotterdam);



Three aircraft of the Northern Executive Aviation air taxi fleet at Manchester International Airport. Left to right: Gates Learjet, Piper Navajo Chieftain and Cessna Golden Eagle

Dan-Air (Manchester to Amsterdam, Oslo and Stockholm) and Suckling Aviation (Manchester to Ipswich and Amsterdam).

Most of these airlines fly aircraft with fewer than 70 seats apiece, so can take advantage of the recent deregulation within the EEC which allows smaller aircraft to operate without bilateral agreements. The airlines, however, must still have the Civil Aviation Authority's approval that they are financially stable and can meet the CAA's safety requirements.

It is hoped that as a result many of these services will start with BA's cash aid with a better chance of becoming viable than any previous ventures. Another element that should help to make for their success is that today's generation of more fuel-efficient and cost-effective short-haul turbo-propeller airliners are more likely to make money, than the larger jet airliners that regional airlines used in the past two establish such air services.

Apart from these specific operations, it is the aim of the

UK Government to encourage regional air services wherever possible, as part of its overall policy of promoting the growth of civil aviation outside London and the South-East. There are close to 50 airlines of all kinds registered in the UK. Leaving aside specific helicopter operators, all-cargo operators, and airlines primarily or wholly involved in the inclusive tour holiday charter business, most of the rest are in one way or another "regional" airlines, in that they fly services between

regional centres and London itself, or between regional centres and Continental destinations. They range from the biggest, such as British Airways and British Caledonian, to small "commuter" or "local service" airlines such as Brymon. Each in its way contributes to the overall development of regional airline operations, even where they are also big international scheduled carriers, such as BA and BCal.

The strength of these operators overall can be seen from

the fact that during 1984 (the last full year for which detailed statistics are available) they collectively carried over 8.3m passengers on domestic scheduled air services (that is, exclusively within the UK itself), apart from perhaps another one million or so carried on international services from regional airports.

It is this heavy dominance of domestic operations in regional air services that the Government is anxious to correct, for it is argued strongly in the regions that far too many business travellers seeking international rights are obliged to fly to London and other south-east airports to make their connections.

The pressures are increasing, therefore, for more direct services to international destinations from regional centres, primarily short-haul to Western Europe but also for long-haul operations to major destinations such as the US and South East Asia and Australasia.

Qantas, for example, already flies from Manchester to Australia. Singapore Airlines starts services from Manchester to Singapore this spring; a new airline, Highland Express, is planning operations from this summer from Stansted, Birmingham and Prestwick in Scotland to both New York and Toronto.

On short-haul scheduled international operations, British Airways is expanding its flights from Manchester, while in London itself, a new airport, the Short Take-Off and Landing (Stolport) in the docklands east of the city, is due to be developed to provide new short-haul domestic and inter-

national services, primarily by Brymon Airways.

The pattern of domestic and international regional services is thus expanding, albeit more slowly than many airlines, airport operators and business travellers would like to see. The difficulty is that air services cost money to inaugurate, and airlines are not philanthropic institutions: they want to see the likelihood of adequate traffic and cash returns before committing themselves.

The BA largesse is likely to be the biggest cash injection in such services for the foreseeable future, apart from any individual routes that individual airlines may see as likely sources of profit.

Many of the smaller operators, however, are worried lest the massive power of BA itself, once that state-owned carrier is privatised, will lose on the domestic air transport market, to the detriment of smaller regional operations.

The BA financial disbursements now planned are designed to counter that fear, but there is still considerable concern among the independent airline sector that, if it chose to do so, BA, once privatised, could "mop up" domestic regional airline operations to its own benefit, and reduce freedom of choice for the travelling public.

Whether this comes to pass remains to be seen, but many of the smaller independents are pressing the Government for some safeguards against that possibility to be built into the civil legislation now before Parliament, before it is too late.

THOMAS COOK BUSINESS TRAVEL

How much you get.

With Thomas Cook you get the personalized service that's the envy of our rivals.

We don't do much work for you, as work with you. We assign an individual account executive to look after your business. We spend time talking to your company, to find out exactly what you need. And we show you how to get what you want, at the best possible price.

Add all this to a list of services no-one else around can match and you'll see that what you get is, quite simply, the best business travel service in the world.

Air travel.

To keep your costs down our Special Fares Unit negotiates low fares with the world's airlines. Our Fares Advisory Unit works out the combination of tickets that gives the best value on multi-destination trips.

Executive Hotel Programme.

Accommodation will be organised in advance and thanks to our Hotelnet system we can cut hotel bills by up to 40%. You need never pay full price for an hotel again.

Car Hire.

To save time when the destination is reached, we can have a hired car ready and waiting - at preferential rates.

Travel Information Bank.

A computerised system that provides you with up-to-the-minute information on all the options for any particular itinerary. It's the largest travel information bank in the country.

International Money Service.

Thomas Cook offers a service covering international currency drafts, money transfers and travellers cheques in no fewer than 11 currencies.

Airport Services.

In the comfort of our VIP lounges at both Heathrow and Gatwick, we can take care of everything from last minute ticket changes to sending flowers anywhere in the world.

Privilege Cards.

Show a Thomas Cook Frequent Traveller Card in any branch worldwide and the holder will instantly be recognised as a valuable client and given priority service. And for the VIPs in your company, the exclusive Carte D'Or Card gives access to additional privileges.

Management Account Analysis.

We use our advanced information systems, to provide you with up-to-the-minute reports on travel management accounts so that you're always in control.

1500 Branches Worldwide.

We've 1500 branches in over 144 countries around the world, so you're never far from a helping hand.

Plus Many Other Services.

In addition we can help you with everything from the provision of timetables and guides, Business Travel Insurance, conferences and incentive travel, translations, passports, visas and ticket delivery.

How little you pay.

Convenience adds to time saved

Air taxis

MICHAEL DONNE

BUSINESSMEN seeking greater flexibility of movement but unable to afford the convenience of a company-owned aircraft would do well to consider making greater use of the extensive range of services offered by the air taxi operators in the UK.

Those who have not yet experienced the remarkable liberation from the hassles of scheduled air services that the use of a private aircraft can provide will be agreeably surprised.

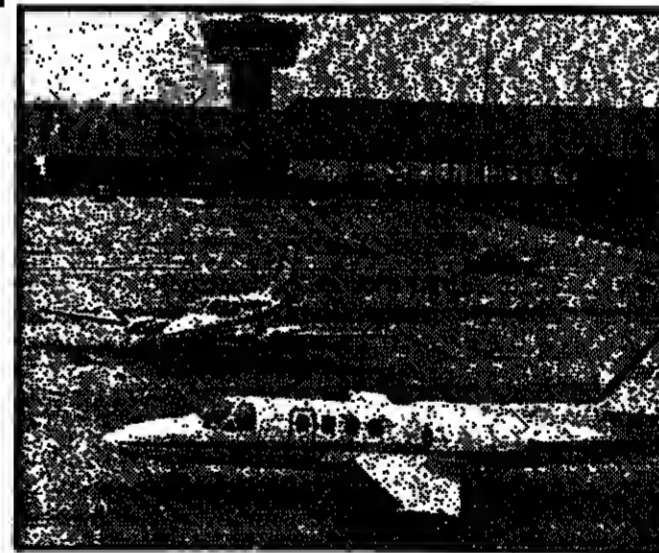
To be able to order an aircraft at a time and place convenient to oneself, to be conveyed either directly to ultimate destination or far closer to it than any scheduled airline can achieve, is a boon that an increasing number of business travellers are discovering.

Apart from the savings in an executive's time, and in the wear and tear on his physical and mental systems by avoiding busy airports and increasingly crowded aircraft, there is the benefit of comparative privacy in which to work or discuss business affairs. Senior executives who have already experienced such benefits invariably declare that they would prefer, if possible, not to revert to their former air travel habits.

Such private aircraft, either fixed-wing or helicopters, are mostly employed on short-haul journeys throughout the UK or Western Europe, where the costs involved are acceptable to most companies.

The air taxi, of course, can also be used for much longer journeys if desired, but the cost inevitably rises, and it is usually only the top executives of large corporations who can choose to travel that way, with other senior executives being obliged to use the first-class or business-class cabins of the long-haul scheduled airlines.

For longer journeys, such as halfway round the globe, there is less need for speed on the part of the business traveller. If he or she is going on a journey of several thousands of miles, the saving of an hour or two on the journey is perhaps less necessary (although it is still desirable for some, as the



Elmdon Aviation International Airport

increasing use of the supersonic Concorde on the North Atlantic route, and the non-stop services from say, London to Singapore and Hong Kong, is now proving).

But for short journeys in the UK and Western Europe, the air taxi can save many weary hours hanging around airports, and enable a much greater volume of work to be done in a given time. The benefits can vary, too, according to the type of aircraft used. A fixed-wing aircraft is itself constrained by airfield availability, but since there are many hundreds of such airfields available for smaller aircraft types in the UK and on the Continent, this is less of a problem than for the scheduled airlines which are confined to their specific airports.

At many of those smaller airfields, too, customs facilities are either already available or can be laid on, given advance notice. If an international flight by air taxi is contemplated.

For the helicopter, the constraints are fewer and the flexibility greater. Although there are environmental problems from noise in operating helicopters into some city centres, by and large the helicopter's unique ability to land almost anywhere provided a suitable clear area is available (even on a factory roof), gives it a flexibility and convenience far greater even than the fixed-

wing aircraft, as many businessmen have discovered.

It is possible with a helicopter to visit several widely scattered sites in a single day, even more so than with a fixed-wing aircraft, so advantageous is the helicopter's ability to land and take off in restricted spaces.

Air taxis, whether fixed-wing or rotary-winged, are not cheap, but frequently the cost of using such aircraft can be more acceptable than many businessmen realise.

If several executives are conveyed in one aircraft, the overall cost of the air taxi hire can actually often be less than the total of their combined air fares on the scheduled airlines leaving aside any consideration of greater convenience and comfort that the air taxi can provide.

The main question that any executive has to consider is how valuable his or her time may be, and how important to the company is the journey to be made. If the executive is senior enough, and highly paid, the value of every hour saved in travelling is significant both to the individual and the company, and can be offset against the cost of the aircraft hire.

It is astonishing how often executives fail to calculate the value of their travelling time in that way, and fall to appreciate that by hiring a private aircraft (or even, for that matter, flying Concorde across the North Atlantic) they might be saving their companies money, rather than wasting it, as many still appear to believe.

A considerable amount of help and advice is available, however. The Business Aircraft Users' Association, representing companies that actually own their own aircraft and employ their own crews, and the Air Transport Operators' Association (formerly the Air Taxi Operators' Association), which represents a large number of air taxi operators, are ready to answer questions about such operations.

The ATOA itself has over 60 operator members, who between them collectively own over 300 aircraft of all types, ranging from small piston-engine piston-engined aircraft through to large executive jets. The members are all knowledgeable on civil aviation matters, and they have a code of conduct ensuring fair business dealings and a strong emphasis on safety. Many thousands of businessmen have already used the facilities they provide, and the members of the association are anxious to encourage many thousands more to do so.

Business travellers contemplating the use of air taxis of any kind are strongly urged to contact the ATOA, from whom a list of members can be obtained. This is because there are some aircraft operators who are acting illegally by not holding an Air Operators' Certificate as issued by the Civil Aviation Authority.

Such Certificates confirm that the holder complies fully with the British civil aviation regulations, standards and insurance as specified for public transport operations.

The ATOA's view is that there is no substitute for safety in air travel and that uncertified fringe operators offering cut-price services are dangerous. The ATOA advises all prospective users of public air charter transport to ensure that their carrier operates to professional standards and with the Civil Aviation Authority's approval.

As do all the member companies listed in the ATOA's current year book, obtainable free from the Association on request.

The Air Transport Operators' Association, Clembro House, Weydown Road, Haslemere, Surrey, GU27 2QE. (Telephone 0425 46047.)

You wouldn't believe us if we told you, but shouldn't you find out Ring 0733 502597 for more details.

Thomas Cook Business Travel

Quite simply the best Business Travel Service in the World.

“British Caledonian’s flight to New York is now boarding at Gate 19”



Only British Caledonian will take you to New York and back, door-to-door.

The service is for First and Super Executive passengers, and all the extras are included in the fare.

We'll pick you up from your home or office anywhere within 40 miles of Gatwick.

We'll also pick you up within 40 miles of the airports at Glasgow, Edinburgh, Manchester or Birmingham, just as long as you're connecting with our New York service on a British Caledonian flight. (Or a Brymon Airways flight, in the case of Birmingham.)

If you'd like to be picked up from further afield, we'll be happy to do so for a small excess mileage charge.

Naturally, the transport will be in keeping with British Caledonian's reputation for comfort.

(We wouldn't dream of sending just any old car round to your front gate.)

At the New York end there'll be a chauffeur driven limousine to take you anywhere within 40 miles of Manhattan.

Or, if you prefer, you can take the helicopter to a choice of four destinations: East 34th Street, The World Trade Center, Newark or La Guardia.

(That way you'll really get there chop chop.) British Caledonian's New York flights depart Gatwick daily at 11.30, arriving 14.10.

Coming back, they depart JFK at 20.00, arriving 07.40 the following day, with the same

door-to-door service both ends.

If you'd like to know more, call your travel agent. Or if you prefer, just send the coupon.

And within a few days you'll notice a Guide to our New York door-to-door service on your door mat.

To: British Caledonian Airways, FREEPOST, Camberley, Surrey GU15 3BR. Please send me details of your New York door-to-door service.

Mr/Mrs/Miss _____ FLI

Position in Company _____

Company Address _____

Postcode _____

British Caledonian
We never forget you have a choice.

Business Travel 6

Cash gap dangers covered

Credit & charge cards

MARGARET HUGHES

LATE ONE Saturday a supper guest, who is also a journalist, was ordered by his newspaper to Manila. It was the weekend which marked the beginning of the end of Ferdinand Marcos' presidency of the Philippines.

Having secured himself a seat on the first flight out, my guest's thoughts turned next to his financial needs. Normally this would not have presented a problem. He has the usual array of charge and credit cards—all widely used in the Philippines. But who knew what might happen when the country was in turmoil? As it turned out, banks did close for several days.

Clearly what he needed was hard cash: not the easiest commodity to come by in any significant amounts on a Saturday night. Cashiers, even on a Sunday newspaper, it seems, do not work at weekends and his news desk's petty cash fund did not run to funding overseas trips.

Our first response was a quick emptying of pockets and purses followed by a quick dash to the nearest cash dispensers. But, inevitably, by Saturday night our respective weekly cash allowances were virtually used up. We did not come up with anything like enough.

Raising cash quickly outside banking hours is a problem by no means confined to journalists sent off to cover breaking news stories. It applies equally to business men and women sent at short notice to negotiate or clinch an important export deal. Often the export markets are remote and far less financially sophisticated than the Philippines. So just where can you raise ready cash?

Most large companies have longstanding arrangements with their travel agents which allow business travellers to pick up cash or travellers cheques from their airport desks. But many smaller companies do not and a recent American Express study showed that more than half of all business travellers still make their own arrangements.

The journalist in question had been told that such an arrangement was being made for him. But he was less than convinced—he had already been given inaccurate flight information by the travel agent and was unable to raise him on his home or emergency numbers.

This particular cash crisis was solved by means of an Access card and the Thomas Cook office at Victoria station where he was able to buy travellers cheques—often as acceptable as cash at even the most unofficial of money changers.

The Thomas Cook office at Victoria opens from 7.45 to 22.00 seven days a week. So too does its Gatwick Airport office and it offers a 24-hour service at the Heathrow Penton Hotel. American Express cardholders can draw cash out of banking hours at Amex's Bureau de Change in the Haymarket. This is open from 12.00 to 18.00 (£2.00 in the summer) on a Saturday and on a Sunday from 10.00 to 18.00 (£2.00 in the summer).



There are also Amex representatives at the British Airways offices in Oxford Street and High Street Kensington which are open from 9.00 to 17.00 on Saturdays.

Soon, though, Amex cardholders will have wider access to cash. Its US and West German cardholders, who for some time have been able to draw cash from some 4,500 ATMs in North America and the Caribbean, can now do so in France at 600 cash dispensers operated by Credit Lyonnais. They are able to draw \$500 a week.

By the end of this year they will be able to draw cash in the UK at any of Lloyds Bank's cash dispensers. This facility will also be available to UK holders of the Amex Gold Card who will be able to draw up to £1,500 a week.

Amex also has six cash points of its own in central London from which US and West German cardholders can draw cash. These are at its travel offices in Cannon Street, the Haymarket and Knightsbridge and at British Rail stations atuston, King's Cross and Paddington.

Shared network

By the end of this year all Amex cardholders, including those in the UK, will have access to 600 cash dispensers of the shared network of which Amex is a member. Twenty of these will be operated by Amex and will be part of the international network which it aims to install in 19 countries across Europe, the Middle East and Africa to dispense travellers' cheques as well as cash.

Access and Barclaycard and Standard Chartered Visa cardholders who have taken up the option of a FIN (personal identification number) can draw cash from the ATMs of the supporting banks. Usually the ceiling is £100 a day. Midland, however, restricts drawings to £100 a week although holders of its Mastercard Gold charge card are allowed to draw up to £1,000 a week.

Royal Bank of Scotland allows its Access credit card holders to draw up to £200 a day. Even so, such an amount would not take anyone very far on an overseas trip. Visa Premium card holders do rather better—£250 a day or £1,000 a week. They can also buy £1,000-worth of travellers cheques at Barclays' Heathrow branch at Terminal Three which is open 24 hours a day. Midland, which is the only UK bank so far to issue a Mastercard Gold card (NatWest will soon),

allows its cardholders to do the same at Midland's Heathrow branches at Terminals One and Two which are open until 22.00 each day.

There is also a reciprocal arrangement whereby Midland's Gold cardholders can draw £250 in cash at Barclays' Heathrow branch and Visa Premium cardholders can do the same at Midland's Heathrow branches.

Holders of Access and Visa ordinary credit cards can use them to buy travellers cheques out of banking hours at their respective outlets—Thomas Cook and Midland or Barclays—up to their unused credit limit.

But drawing cash on credit cards is an expensive exercise. Access starts charging interest from the minute it is drawn plus a handling charge of 1.5 per cent. Visa imposes the same service fee but charges interest only if the amount drawn is not repaid by the payment date, after which it will start charging a higher rate of 27.2 per cent against 26.8 per cent for retail purchases. These are additional costs which the business traveller should remember to pass on to their employer.

Once overseas, cardholders can draw cash at participating banks and related travel offices—the equivalent of £100 a day for Visa, Access Mastercard and Midland Gold card holders. Visa Premium cardholders can draw up to £250 a day. Amex green or personal cardholders £100 in a three-week period plus \$400 in travellers cheques; while Gold card holders can draw £250 in cash plus £750 in travellers cheques over the same period.

If they bank with Lloyds Bank or Citicorpals the £1,000 can be drawn in cash. Diners Club allows its cardholders to draw \$1,000 every 14 days at any Citicorp branch overseas. Like Amex, Visa is also establishing an international cash dispenser network. It currently has more than 5,900 worldwide of which nearly 1,900 are in Europe, the Middle East and Africa with the highest concentration in France and Spain.

Visa's Premium cards and Midland's Gold card, like the American Express and Diners Club cards, are charge cards. As such they provide the traveller with great spending power since they carry no credit limit provided the £7,500 of the associated bank overdraft is not breached. They also offer additional benefits for the business traveller with Amex providing the widest range of services but Visa doing so through a larger number of outlets.

Such services include free travel insurance if tickets are charged to the card, free use of office facilities at key business centres, hotel and other reservation services, a 24-hour emergency telephone line and money transmission facilities including substantial amounts of instant cash when cards are lost.

A new departure for the card companies and one presumably aimed at seeing off the competition in the travel payment business has been the launch, first by Diners Club and then by Visa, of a travel voucher system. Some \$15m-worth of such vouchers were already being sold by travel agents throughout the world but the system was fragmented with no uniform clearing or payments system.

Attitudes

Travel vouchers, which are bought through travel agents, allow pre-payment of hotel accommodation, car rental and other travel costs. Since the hotelier and other service outlets are paid more promptly than by credit or charge card companies and travel agents are assured of getting their commission, travellers may well find themselves under increasing pressure in future to use this form of payment. For them, though, it is far less attractive than plastic money.

As with travellers cheques, payment has to be up front with the loss of the free credit period that comes with charge and credit cards—it can take months for bills to come through from some parts of the globe.

For those who do not have company charge cards there would be some advantage if their company pays the accommodation costs directly. But not all companies want to pay in advance, added to which meals and other hotel extras will still have to be paid for separately which may complicate rather than simplify book-keeping.

If a business trip is not being undertaken in a rush and there is time to arrange travellers cheques, then they are obviously safer than carrying wads of cash. But they are not cheap. A commission of 1 per cent, sometimes more, is charged on purchase and it costs another 1 per cent to exchange them for cash abroad at rates of exchange which are often relatively poor compared with credit and charge cards.

However, several building societies which now supply American Express and Thomas Cook cheques do so free of commission.

More flexible, especially for travellers to Europe, are Eurocheques. These are guaranteed for the equivalent of up to £100 and can be written in 24 European currencies. They are accepted by some 4.5m retailers throughout Europe—including eastern Europe—as well as north Africa, Turkey, Israel and Lebanon. But as with credit and charge cards there are still pockets, even in the developed world, such as southern Italy, where there is resistance to payment in anything but cash.

But flexibility has its price. The cheques may come free but the supporting card, which can be used to draw cash from 500 ATMs in Spain, costs £3.50 to £4 depending on the bank and this has to be paid every time it is renewed. On each transaction the collecting overseas bank charges a 1.25 per cent commission.

If the user's current account on which it is drawn is not in credit and therefore eligible for free banking, a further charge of 30p will be deducted from the account.



Bank of Scotland autoteller in an Edinburgh branch



"I've finally found a hotel that treats me like a man"

Hotel chains are now turning their attention to women executives

Hotels see value in meeting special needs

Women Executives

HONIA THOMPSON

WOMEN ARE an increasing part of the business travel market, representing between 10 to 20 per cent of the total.

Given that hotels are there to provide choice, the needs of businesswomen are felt to be an important part of the policy of the Crest Hotel group and one which could not be argued with from a marketing standpoint—if the demand is there, supply it.

The question is, does one wish to be a "lady guest" staying in a "lady Crest room" and being looked after by staff who have been trained in "lady Crest policy"?

And what can the international hotel group Ramada mean when they say their unique training programme for staff dealing with travelling businesswomen explains the niceties of how to present the wine list and bill when women are hosting a meal for male guests? Is there some special way to hand a wine list and a bill to a woman?

Much of the advice on attitudes given to staff in hotels which have a policy on women travellers seems part basic politeness, part common sense. However, many of the additional facilities and services provided would equally appeal to men.

Having said that, surveys have highlighted a number of needs given high priority by travelling businesswomen and hotels are acting to provide them. Top of the list is good security. Women want good locks such as deadbolts on corridor and connecting room doors and feel that security chains and spyholes should be standard. Front desks should be staffed 24 hours a day and procedures should be followed to ensure privacy of room numbers.

At a number of hotel chains it is now policy for reception staff checking in women not to mention the room number. The key is put inside a folded card

with the room number printed inside. An extremely simple procedure but most reassuring.

Many women complain about the way they are treated in hotel bars and restaurants. Research carried out by Ramada showed that 60 per cent of female executives spent most of their free time in their hotel rooms "rather than face discourteous treatment in the hotel's public areas."

An Automobile Association survey of women hotel users in Britain reported that a woman alone in a hotel bar was invariably ignored.

Worse than being ignored though was having one's presence misinterpreted. Crest puts it quite bluntly in their advertisements: "I don't have to take my briefcase into the bar to prove that all I want is a drink," says the businesswoman extolling the virtues of "finally finding a hotel that treats me like a man."

Crest has been conducting research into the special needs and requirements of its "lady guests" since 1983 mainly through a series of questionnaires. Each hotel has a training officer who instructs staff to be especially aware of, for example, not leaving women waiting for service in the bar.

In the AA survey, 63 per cent of the businesswomen interviewed complained about being given a room a long distance away from the hotel's reception restaurant and other central facilities. Linked with this was a general dissatisfaction with the levels of portage with 51 per cent rating it poor.

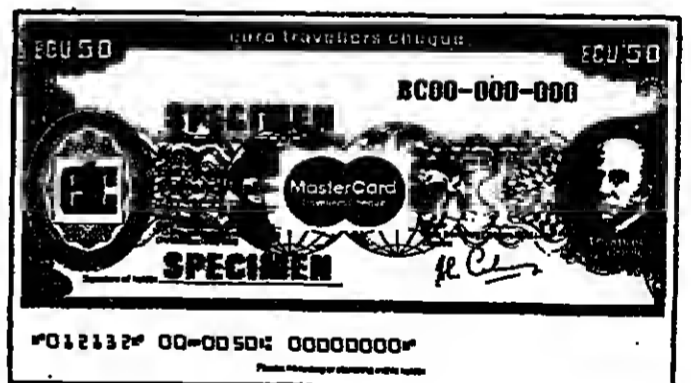
The question of facilities available can also cause concern. Hairdryers, full length mirrors and skirt hangers are the items most frequently mentioned in survey questions asking what should be standard in hotel rooms. Also better lighting and an iron and ironing board as pressing facilities are mentioned as unavailable after a certain time.

In the AA guide to hotels and restaurants in Britain, AA hotel inspector Fiona Marr highlights the problem of hotel rooms designed purely with the needs of men in mind.

"There are trouser presses, shoe shine machines with brown and black polish and shaving mirrors with electric sockets and lights. But where are the skirt presses, the machines for blue, grey and plum coloured shoes, proper dressing table illumination, convenient electric sockets for hairdryers and adjustable back-view mirrors?"

Overall, it is the question of attitudes which concerns travelling businesswomen most. Ms Christine Cavolina, who has spent the past eight years travelling for 35 per cent of her time in her job as European director of advertising for the Institutional Investor, feels things have improved recently.

"Over the past five years there have been lots of changes. I see hotels making much more of an effort now to cater to businesswomen, especially in restaurants, being given a good table from the hotel's reception restaurant and other central facilities. Linked with this was a general dissatisfaction with the levels of portage with 51 per cent rating it poor.



Travellers cheques widen horizons

THE BIG travel companies are constantly on the look out for expanding services for the business traveller. Although not specifically designed for the businessman, the Ecu travellers cheque, the brainchild of Thomas Cook Financial Services, will certainly be useful for the businessman who is constantly crossing frontiers in Europe.

The European Currency Unit, although it has no coins or banknotes of its own, is according to international banking figures, the fifth most popular world currency after the US dollar, the Swiss franc, the Deutsche mark and the Japanese yen. It is also the third most popular currency on the Eurobond market and is used as a major unit of loan, investment and settlement activity.

The Ecu travellers cheque can be encashed in thousands of bank branches across Europe and can be exchanged for any of the ten major European currencies. Its value is based on a basket of these currencies.

Mr Roger Taylor, Thomas Cook regional director for the UK and Ireland, said that as a result of monitoring what was happening in the European currency market it was seen that the Ecu was becoming more popular. The Ecu travellers cheque is at the moment only obtainable in Thomas Cook outlets in the UK and through the Midland Bank, of which Thomas Cook is a subsidiary.

It is also obtainable through one or two overseas banks with bases in London. Later, it is hoped that the cheque will be acceptable in the retail sector in the European countries. Last week the business travel service of Thomas Cook found another niche to move into: the provision of a "full protection"



package for its business travel clients. This puts special emphasis on security, health and insurance and is aimed at the businessman. This service could even include a bodyguard for people going to trouble areas.

"We are fully prepared to get a client into any country or any situation," Mr John McEwan, managing director, said. "Other than the security aspect, we have such detailed information on foreign countries that we are able to pass on this data or the experiences of other clients to someone who might be travelling to a particular area for the first time—provided, of course, they are from non-competitive companies."

Another "cossetting" of the business traveller is in the area of health and Thomas Cook is offering to arrange for a positive health screening—not forgetting one for the business woman—at various centres throughout the UK.

Arthur Dawson

AIR INTER: YOUR FREIGHT AIR LINK TO FRENCH MAIN CITIES

Domestic daily services to/from Paris (Orly or Charles-de-Gaulle) and 28 cities in France. Connection available with all international flights to/from Paris.

AIR INTER FRET

1, av. du Maréchal Devaux
91550 PARAY-VIEILLE-POSTE
Tél. : (1) 46.75.15.15 / 46.75.13.45
Telex : 250.932 F ORY IT A

Business Travel 7

Search for new ways to control travel expenses

US cost control & management

FRANK LISIUS

THE COST of business travel in the US rose by only 2.3 per cent in 1985. Competition among airlines kept fares in a 2.2 per cent rise to maintain the overall average, as computed by Euromileage International, which calculated car rental increases of 3.8 per cent, meals 2.4 per cent and hotels 5.3 per cent.

Helping to hold the lid on business travel expenses is the concern of the corporations that have to pay for them. American Express Travel Management Service, a part of the large travel, credit card and banking company, showed in a survey conducted in 1984 that travel-related expenses are the third largest controllable corporate cost, after salaries and data processing.

With annual travel expenditures of more than \$90bn, corporations are finding new ways to monitor employee travel and entertainment expenses while the travel industry responds, with varying degrees of willingness, to the demands for such controls.

Travel providers line up on the side of the employees or their bosses, a division that started blatantly five years ago with American Airlines' introduction of frequent flier

bonuses. A clever way to build traveller loyalty, the plans give free tickets, cabin upgrades or other rewards depending on the amount of accumulated miles on the carrier. Travellers suddenly had an incentive to build mileage with a particular airline regardless of the cost to their companies.

Almost every other airline serving business travellers followed with its own frequent flier plan. It is estimated that 10m Americans are signed up to the ten largest airlines' programmes.

Even Presidential Airlines, which started a low-cost service out of Washington's Dulles airport last October, got 10 per cent of its 7,000 fliers signed up to a frequent flier plan. It says it has to have "if we are going to compete," according to Mr Geoffrey Crowley, the line's vice-president for marketing.

Among reasons for choosing a particular airline, the bonus coupons motivated business travellers' choice second only to the carrier's actually serving the destination.

With hotels, car rental companies and other airlines all linked in different plans, travellers have every incentive to ignore costs and build points for their own private travel.

American Airlines' Advantage, for instance, is linked to Avis car rental and Sheraton and Inter-Continental Hotels, while Hertz car rental is tied in to Pan Am, Piedmont, Republic



Mr Roger M. Ballou, executive vice president American Express TMS: 500 companies using Travel Management Services

Frequent Flier, TWA, United, and USAir, Marriott hotels gives frequent-flier bonus miles on Continental, Eastern, and TWA plans.

The tide is turning, however, as the expense payers take the initiative to cut down on the waste of time and money frequent flier programmes have cost them.

Last year, Envision Capital Corp started what became a class-action suit against seven airlines to reclaim the bonuses because, they argue, the companies and not the traveller is the "rightful owner" of the bonuses.

At the same time, a congressman from Tennessee proposed

a law to make airlines report the bonuses to the Internal Revenue Service so they can be taxed as income to the bonus recipients. Though the law seems unlikely to be enacted and the court case has an uncertain future, travel companies have become more responsive to the call for containing employee expenses.

American Express stresses the importance of formal travel policies that reflect the company's real interests. They may want to contain costs or provide the maximum comfort to the traveller. The policy needs to be explained along with the reporting procedures. Although emphasising the flexibility of the system, the policy makers

Express offers to provide travel services while monitoring the employees' actual activities.

Called TMS, Travel Management Services, the American Express service is not, emphasises Mr Roger H. Ballou, the executive vice-president, TMS, meant to win airfare bonuses back for companies.

"We encourage companies to let employees keep their bonuses," he notes, "though we also make sure they get the lowest available fare." Having almost doubled in 1985 to 500 the number of companies using TMS, American Express works with the client to establish policies which are then implemented for individual travellers.

American Express will also court potential clients by providing them with consultants who point out weaknesses to existing travel policies, whether they are long-standing advances employees avoid repaying the company or evidence of grocery receipts being used as company expenses.

American Express stresses the importance of formal travel policies that reflect the company's real interests. They may want to contain costs or provide the maximum comfort to the traveller.

The policy needs to be explained along with the reporting procedures. Although emphasising the flexibility of the system, the policy makers

should be firm in keeping to the system.

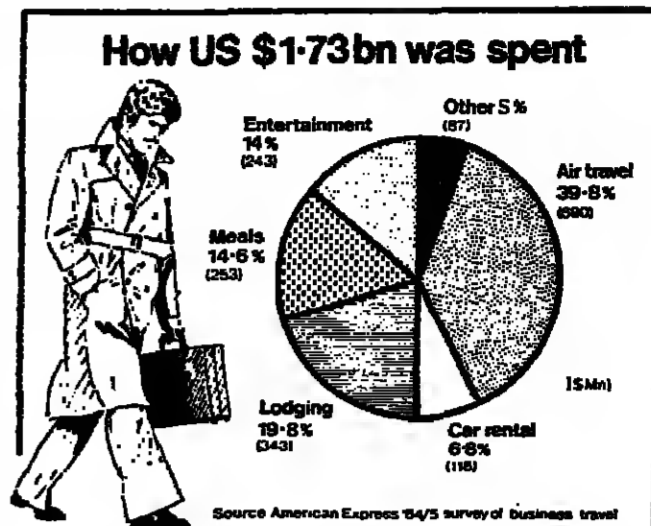
Manuals for employees should show how to fill out expense reports, identify what documentation the reports should have, and note the guidelines for getting approval when required.

Once TMS is implemented, American Express keeps company and employee profiles in computers to make sure to book the lowest fare in the permitted category. Mr Ballou emphasises that the system is not limited to large companies trying to hold down expenses.

Even for consultancy firms where expenses are not monitored to keep them low, TMS enhances efficiency by keeping up with fare changes, having a 24-hour phone service and worldwide facilities.

Among the 500 companies using TMS are IBM, Westinghouse, and Nestle, where Mr Ballou says, the point is not to eliminate inhouse travel staff but to allow them to monitor policy rather than book fares. The full cycle of TMS includes reporting back travel expenses for employees to show where they did and did not follow company policy.

Although the systems need not be so elaborate for small companies, American Express is actively soliciting business in all categories of company size through direct mail and sales staff. American Express does not



charge companies for using TMS. The cost is paid indirectly through payments for American Express cards, which many companies provide for their employees anyway, and the fees generated from carriers for booking flights like any travel agency.

In providing the extra services, American Express is linking computer entries for cards and travel bookings with profiles of individuals and companies to create a more complex reporting system than was previously provided.

American Express recently conducted a survey of company travel policies in Europe. It has identified a need to extend TMS to Europe, but has to improve the company's internal computer capabilities before being able to implement the service. But any company can start its own cost-containment policy with an audit of travel practices and the implementation of policies to reflect a thought-out concern for what a company really wants to provide employees with in their business travel.



American Express Travel Management Service's on-line monitoring of corporate travel and entertainment expenses, via Prestel

Move towards 'no frills' business trips

Air travel costs

ALLAN BEAVER

COST IS A very important factor for no less than 70 per cent of business travellers, according to a survey undertaken a few years ago. Even in the supposedly rich, expense account world of business trips, 36 per cent of respondents saw themselves as cost driven, and placing a high priority on no-frills travel and accommodation, with a further 34 per cent very cost-conscious, but concerned to get good value for money and willing to pay for good quality service. Only 30 per cent claimed to be not bothered about cost, and ready instead to seek out first class hotels and travel services.

For those who do need to look at the total cost—and for those who perhaps have not always done so in the past—the following are some useful tips on how to get the best deal when travelling by air.

- Are you absolutely certain you will be able to keep to times and dates of travel? Remember that lower air fares are often inflexible. If you alter your trip, you may lose the total cost. Iata airlines seldom enforce cancellation or even no-show charges on higher price tickets.
- How much travel risk are you willing to take? It may be foolish to join the standby queue at the end of July, but trans-Atlantic standby tickets are usually available in mid-February without problems.
- What about other risks? Will you deal with disreputable companies which might involve losses? Some of the cheapest air tickets infringe airline rules. Back dating the issuance of advance purchase tickets and foreign currency ticketing (sometimes called cross border selling) are typical examples, but there are many more.
- How much comfort do you want? Is there a company policy about who may travel first or club class and whether this is limited to journeys over a specific duration. Travellers should be flexible regarding their choice of airline. Restricting travel to a named airline often restricts the fare options.

There are other checks which the business traveller is entitled to expect, at the very least,

travel agents to make. If you do not have a company travel manager, then undertake a spot check several times a year just to make sure you really are receiving the best possible deal.

● Is there a special low cost fare available through a consolidator or bucket shop, or reduced rate travel on the particular route involved negotiated by your agent. Alternatively is there a charter flight or minimum rated package tour (MRPT) available to the destination involved? (An MRPT provides nominal accommodation to comply with the regulations—in effect, only a return charter flight). Most big tour operators offer this.

● Is there a cheaper individual or group inclusive arrangement which will cover all or part of the journey planned? For example, cut-price arrangements incorporating charter or scheduled air flights are available to a vast number of trade fairs, conferences and exhibitions. You do not have to attend the event to qualify for the reduced price.

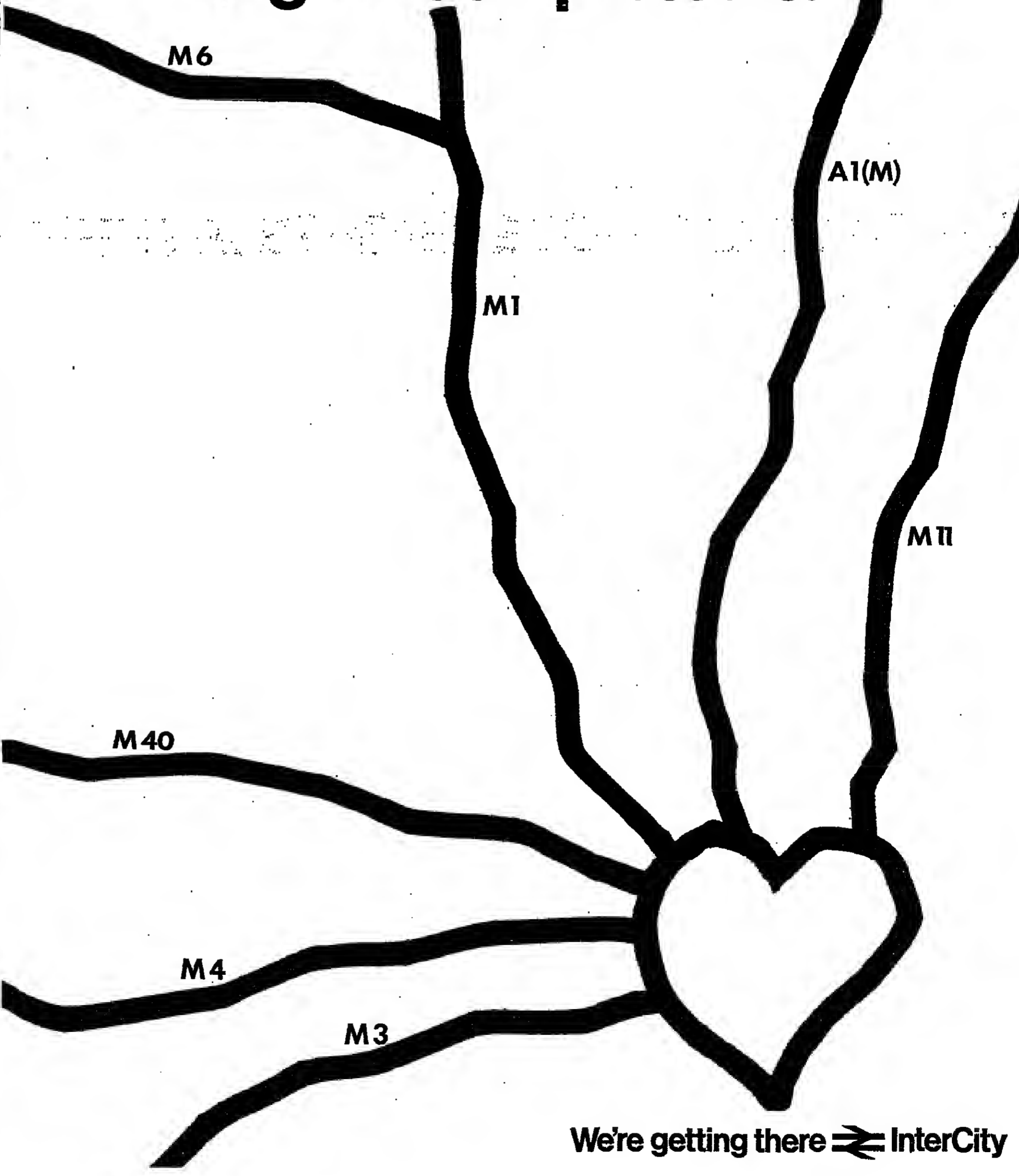
● Will any other type of group air fare or perhaps a spouse fare apply, if you are travelling together with someone else?

● Is there a scheduled air excursion fare applicable to all or part of the planned itinerary? Minimum and maximum stay rules are designed to make it difficult for businessmen to use these fares.

Another Iata regulation prevents the sale of excursion tickets in countries other than those from which the excursion fare applies. But it is neither illegal, nor wrong for you to instruct your associates in the Far East for example to book an excursion ticket for you, which you will collect on arrival.

Consider flying via a European point. Many European carriers can offer worthwhile savings from their homebase, particularly on long journeys.

Blocked arteries give businessmen high blood pressure.



We're getting there ➡ InterCity

Service more important than price

Car rental
DAVID CHURCHILL

FOR THE business traveller, the choice of which company to rent a car from depends on several factors. Increasingly, however, the trend is towards executives seeking convenience and service rather than price as the key determinant of which car rental company is chosen. After all, no businessman wants to face further delays after a long flight and clearing customs — so speed and convenience of service at airports is very important.

The business traveller, moreover, appears to be rather a fickle customer for the car rental companies — a Sierra is a Sierra, after all, and so the seasoned executive will look for that extra level of service which hiring a car rather than sticking to one particular rental agency. Not every executive is free to pick and choose among car rental companies because of the special deals already lined up with their companies. But perhaps it is a sign of those with high flying potential who are able to buck the system and rent whichever car is more convenient for them at the time.

The car rental business in the UK is itself an industry where there is a lot of potential rather than actual usage: only three out of every 10 people in the UK have ever rented a car, for example, compared with seven out of every 10 in the US.

This makes the UK market both an attractive one from the major rental companies' point of view — but represents a nagging problem as to why rental is not more popular. Accurate figures on the size of the UK rental market are not readily available but a recent market study published by Budget Rent A Car, based on research from Mintel and the British Market Research Bureau, suggests that the total short-term car and van rental market was worth £370m last year.

This comprised turnover of £20m for car rentals — some £20m higher than in 1984 — and £80m for van rentals, a rise of £10m on the previous year.

The study, based on a survey of over 1,000 users, found that 60 per cent of the total market were business users while the remainder used car rental as part of their leisure activities. According to those surveyed, price was no longer a major preoccupation with car renters when choosing a rental company. Some 61 per cent of business users, and 41 per cent of leisure users, gave priority to



Executive car service provided by Hertz/British Caledonian

convenience of pick-up point. This factor weighs heavily in favour of the national rental companies with more outlets for rental and return.

The study estimates that 6 per cent of all new cars are purchased by the short-term rental companies, with a total rental fleet standing at 100,000 cars and 25,000 vans.

A buoyant outlook is forecast for the industry as a whole, helped along by such factors as the decision of many companies to abandon pool car fleets as a cost-cutting measure and to rely on hire contracts which do not carry the overheads of a in-house fleet of cars.

The six largest operators in the UK, according to this study, are Godfrey Davis, Europcar, Hertz, Avis, Swan National, Budget, and Kearing. The survey suggests that these six rental companies will take an increasing share of the market but acknowledges that small operators still have a role to play, albeit in service local, short-distance needs.

Europcar, which claims to be the UK's oldest and largest car

rental company, operates a rental fleet of over 8,500 vehicles covering over 35 models. It offers rental facilities at over 270 locations, including full service on-site offices at 75 main UK railway stations and at 27 UK airports.

Upkeep

Worldwide, Europcar International is one of the three largest rental networks in the world, operating in 110 countries with 127,000 vehicles at over 3,000 rental locations.

Mr David Hardman, Europcar's managing director, says that "the business market is booming." He believes that the reasons for this growth include the greater efficiency and speed of car rental services around the world.

"Few companies can provide suitable vehicles, in tip-top condition, at short notice, or can afford the upkeep of a fleet of the size and calibre necessary to meet these requirements," he says.

Cost efficiency is important to the business traveller, he

stresses. "A busy executive cannot afford to waste his time — he needs to know that he will never have to go far to collect or return his vehicle."

Swan National, a subsidiary of the Trustee Savings Bank, has a fleet of some 8,000 vehicles and 100 branches in the UK. The company estimates that about 80 per cent of its rental business is from the business traveller.

Swan National's business travel service includes an hotel accommodation and rental package which cuts down on administration, since only one booking call is required and one invoice issued.

Mr Tony Grimsbaw, managing director of Swan National rentals, points out that only one in five companies approaches car rental requirements in a systematic way by opening accounts with one or more of the major rental operators. "Instead, companies instruct personnel to rent a car if necessary and claim back the charge on their expenses," he says.

"This is a very costly way of purchasing car rental."

UK car rental

Company	Estimated market shares 1984 % value
Europcar/Godfrey Davis	12
Swan National	12
Avis	8
Hertz	8
Kearings	6
Budget	6
All others	46
Source: Mintel estimates. 100	

Without an account with a rental operator, a hiring company is unlikely to qualify for a discount and there is little control over the type of car rented and less control over the period of the rental, he adds.

The major national car rental companies all offer favourable terms to account customers and a variety of services such as central reservations, free delivery and collection of vehicles, one-way rental facilities, and central billing.

Budget Rent A Car mainly operates as a franchise system in the UK whereby retail motor dealers can offer a car rental facility in addition to their other activities. Apart from some 120 outlets throughout the UK, Budget last year opened hooking desks within the three terminals at London's Heathrow airport.

This was part of the British Airport Authority's campaign to increase the use of airport car rental facilities. Rental desks as terminals have increasingly been bypassed as computer technology takes a grip on the car rental business with bookings made in advance. When Budget moved into the Detroit and Miami airport terminals in the US, car rentals went up sharply.

While Budget, as the name implies, is a "value for money" rental operator, the main thrust of the business rental market is still towards service rather than price. Hertz, for example, has introduced a computerised routing system for business travellers which enables city centre renters to find their way to a hotel or conference centre with the aid of a detailed print-out of the route.

Avis also has a system in the UK whereby business travellers on the British Airways super shuttle routes can book their car on the flight and on arrival be told exactly where it is in the car park.

The message is clear in the increasingly sophisticated and competitive rental market: the business traveller is a customer worth wooing.



Car rental reception desk at Terminal 3 arrivals, Heathrow

Spenders move away from big chains

UK Hotels
FIONA THOMPSON

HOTEL GROUPS love business travellers. They may be demanding, sometimes obstreperous and nearly always wait everything 10 minutes before they have even asked for it, but they do want the best and are prepared to pay for it — or at least have their companies pay for it — without quibbling over the price.

Hotels will always welcome the individual guest and convention groups, but the "return per unit" just does not add up. The individual is far more concerned about watching where the money goes.

The fact that more and more business travellers are taking advantage of "no stop" check-out facilities — whereby accounts are posted on or all credit card details are taken on arrival and the bill signed then and there — indicates a certain laissez faire attitude that few individual travellers possess.

Company accountants may squawk, but it is the rare employee who can honestly say he considers every penny of his company's money as carefully as he would were it his own.

For business travellers at the very top end of the market there has been a trend in recent years away from the big hotel chains towards the smaller, exclusive hotel. The most up-to-date facilities are available in these luxurious, many "all-suite" properties, and the service is on a more personal level.

The trend towards the smaller properties, especially in the US, has prompted more of the larger hotel chains to promote the executive floor concept, where a complete floor, sometimes two or three, is given over to providing a special service for the business traveller.

Extra facilities are made available, such as out of hours secretarial services, free newspapers, complimentary continental breakfasts, free cocktail snacks and drinks. In some cases these bear little relation to the additional premium charged. What the guest is really paying for is the status of being on the executive floor and the club atmosphere that goes along with it.

Corporate treasurers' doubts notwithstanding, in many instances the return is well worth the outlay. Business travel may seem glamorous to office bound staff but any survey of executives who travel frequently shows that for many people it can be a lonely, exhausting and sometimes tedious experience.

There will always be sophisticated bappy to make solo discoveries of the best restaurants in Kinshasa and Rio but equally many business travellers would prefer to go on such jaunts in company.

Fellow enthusiasts can be met during the cocktail hours held exclusively for the executive floor guest in a private lounge.



Business travellers on the Executive Floors of the London Hilton on Park Lane have the free use of a separate meeting room for small informal discussions

The advantages to the hotel chain of an executive floor is that for a not very substantial outlay they can charge a premium in the same way as airlines do for their club or business sections on long haul flights.

The big chains hope to encourage initial interest and return bookings by the use of three different schemes — the basic executive club membership, discounts, and loyalty programmes which offer bonuses.

Discount

To many hardened travellers, Club executive membership, for example, the applicant must have stayed at one of the group's hotels on six occasions within the past year. Membership does not entitle the bolder to discounts, but it does offer preferential handling of reservations, rapid check-in and check-out, extended check-out times for no additional cost, automatic upgrading of accommodation, special gifts such as aftershave or perfume and cheque cashing facilities up to £250.

Programmes such as these tend to appeal to the individual traveller. In addition, virtually all the major hotel groups offer corporate discount schemes to companies which will guarantee the group a certain number of room nights per year.

For a firm commitment to book anywhere from 100 to 500 room nights a year, the large room groups such as Sheraton, Intercontinental, Hyatt, Trusthouse Forte, Westin, Ramada, Marriott, Crest, Thistle, Holiday Inn offer corporate rates with a discount averaging about 20 per cent.

Corporate business represents a significant, substantial part of most hotel groups business.

Crest Hotel's Business Club offers companies discounts of 10 to 15 per cent for a commitment of 250 nights a year. Company employees receive priority booking, the best room available of executive standard, plus little treats like fresh fruit, extra toiletries, bathrobes and magazines.

Crest is also one of the hotel groups which operates a loyalty club scheme. Under the Frequent Guest Programme, a guest is allocated a stamp for each visit and entitled after 20 stamps have been collected to a free three-night weekend for two in any of the chain's UK or continental European hotels.

According to Mr Peter Pal, marketing manager for Crest Hotels, the company has been very pleased with the performance of the loyalty scheme. Crest is unusual in offering the free weekend bonus as very few hotel chains offer prizes in the UK. Such schemes are, however, very common in the US.

Quality control of services and facilities in the large chains has led to a certain amount of international uniformity. While this will never be totally universal, nor presumably would most people wish it to be, it can be reassuring to the business traveller and indeed to his or her company, to know they can rely on a certain standard of efficiency, security, and facilities.

New technology has had a considerable impact in dealing with reservations and increasingly is important for more business travellers as the ability to confirm and change arrangements becomes more crucial.

Again the large chains benefit here by their ability to negotiate terms with individual companies on a national and often global basis.



With superbly appointed rooms and impeccable standards of Asian hospitality, Shangri-La brings you the very highest standards of service and accommodation — at a price that's lower than you'd imagine. Discover affordable luxury at three of the world's finest hotels.

Shangri-La hotel
SHANGRI-LA INTERNATIONAL HOTELS

IN SINGAPORE, KUALA LUMPUR AND NOW IN BANGKOK, WHERE ELSE BUT THE SHANGRI-LA

SHANGRI-LA SINGAPORE. SHANGRI-LA KUALA LUMPUR. SHANGRI-LA BANGKOK. SHANGRI-LA BEIJING (1987).

FOR RESERVATIONS CONTACT SHANGRI-LA INTERNATIONAL:
LONDON (01) 581 4217 • AUSTRALIA STD FREE (080) 222 448 • HONG KONG (5) 242 367 • KUALA LUMPUR (03) 248 6336 • SINGAPORE 338 3300
TOKYO (03) 667 7744 • USA & CANADA (800) 457 5030

DELTA'S BUSINESS CLASS TO THE U.S. WIDE SEATS ARE LONG ON COMFORT.

Relax in the lap of luxury. With plenty of room to stretch out and get comfortable. And a separate cabin area that provides greater privacy. Enjoy a choice of gourmet entrées and

desserts. Fine wines and champagne. Enjoy luxurious Medallion Service in Business Class and First Class. Sleeper Seats are available in First Class. Delta flies nonstop from Frankfurt to

Atlanta. And starting April 2, nonstop to Dallas/Ft. Worth. Call your Travel Agent or Delta in Frankfurt on 069 25 60 30. Delta Ticket Office is at Friedenstrasse 7, 6000 Frankfurt/Main.

DELTA GETS YOU THERE

Handwritten note: Delta من لفسر

Business Travel 9

How railways in most industrialised countries are chasing a lucrative sector

BR aims for up-market image

British Rail
ANDREW FISHER

IN THESE cost-conscious days, British Rail is trying to woo the business traveller with a whole range of services, special offers, and standards of comfort. At the top end of the market, passengers seem to welcome BR's sharper, more commercially-minded approach, though complaints and scepticism continue.

"We want to cosset the passenger," says Mr Gordon Hall, project manager for the Pullman lounges, now being installed at several main stations. So BR is brightening up its carriages and intends to offer a much wider variety of food and drink.

The Pullman image, a revival of the concept first developed by George Horbmer Pullman in the 1830s, is heavily stressed on InterCity services. The traditional grey and subtle pink decor of the Pullman service is replacing the harsher colours of the past.

But not all business passengers go first class. Those whose companies are not so well-off, or simply meaner, have to put up with the less plush second-class carriages, though BR is trying to smarten these up, too.

About 40 per cent of business travellers on the InterCity services—covering routes between London, the North and Midlands, Scotland, Wales, and the West country—go first class. BR reckons InterCity has about 30 per cent of the total British business market of 80m journeys a year, not including commuting.

Air travel, especially on long routes such as London-Scotland, has a large chunk of the

market. Cars are also widely used on short and medium routes. But many executives prefer, on journeys of a few hours or so, to stretch out in the train and work or be pampered.

BR says business passengers have responded to its more service-minded policies, which include tie-ups with American Express, Trusthouse Forte, and Rank Hotels.

The Pullman lounges have certainly been popular. BR has revived the tradition begun by James Allport, the general manager of Midland Railway, who introduced Pullman dining and sleeping cars into Britain in the 1870s.

BR opened the first of its new Pullman lounges at Kings Cross station in London a year ago. By August, some 10,000 people had used it. Last October, it opened one at Euston and a similar number of travellers had whiled away time before journeys by the middle of February, 1986.

Pullman lounges
Others will be opened at Leeds (in May), and Newcastle, Edinburgh and Glasgow (June and July). The Scottish ones will be ready for the Commonwealth Games in Edinburgh at the end of July. Mr Hall says there are plans for lounges in the Birmingham stations (International and New Street), Preston and Cardiff.

To be allowed into a Pullman lounge, you need a first-class ticket, not just a season ticket, and an American Express card, though you will usually be admitted without the ubiquitous blue card and be given an application form. BR's own Travel Key or InterCity Pullman Club cards will also do nicely.

The Enslon lounge, with telephones, a copying machine,

cushioned seats, desks, a television, plenty of greenery, and a prominent drinks tray looks like a mixture of miniature airport lounge, hotel lobby, and smart office reception area.

American Express sees it as a way to encourage sales of more cards and also as an extra service for those who have them already. The hotel, or just plain hungry and thirsty traveller can wash down an open sandwich, say smoked salmon at £2.45 or honey roast ham at £1.90, with half a bottle of Bordeaux Superior at £3.90 (£8.90 for a full one), or Chablis at £4.55 (£8.85).

Champagne, aperitifs, and spirits are also available, as are slightly cheaper table wines, tea and coffee, all served by friendly hostesses. Loudspeaker announcements are filtered discreetly into the lounge. There are even Pullman Club wallis, tea, and scurveo on sale.

To many hardened travellers, well-used to delays, poor service, and lack of comfort, the Pullman extras will be merely fancy frills, not really touching the root of the problems and needs of business travel.

More people have complained recently about BR's punctuality and standards, says the Central Transport Consultative Committee, the watchdog body. The CTCOC said kindly in its last half-yearly statement: "Many of us feel that British Rail potentially have a fine railway system."

It made clear there was still a long way to go. The proportion of express trains, which business travellers would most often use, arriving on time or up to five minutes late was 77 per cent in April-September, 1985, against 80 per cent the year before and BR's own InterCity target of 85 per cent.

Southern Region reached the BR target during those months,

with Scottish and Western Regions at 78 per cent, Eastern at 71 per cent, and London Midland at 67 per cent. The latter was sharply down from 1984, while Western was up and Eastern, Scottish and Southern all slightly lower.

For other trains, the punctuality figure was an impressive 92 per cent. Of all scheduled services, just 1.3 per cent were cancelled. Compliments from the public received by BR between April and September jumped from 35,000 to 51,000. They were mostly about fares, timekeeping, passenger information, and train service quality.

Higher fares

BR put up most Inter City fares recently by 10 per cent, more than the inflation rate. The increase lifted the cost of a first-class return between London and Liverpool to £76.

On one recent Pullman trip from London's Euston to Liverpool—the carriage was named John Lennon—on a cold February evening, the train left smoothly but arrived half-an-hour late.

But aboard the train, the service was more like a restaurant than what people generally expect from BR. The menu included roast beef, halibut and ham and chicken salad, with starters, desserts and wines also available, as well as sandwiches and beer.

The food was solid rather than delicate, but tasty. BR, however, has been experimenting with so-called "modular" catering, with outside firms cooking food and chilling it for delivery to the train where it is reheated. Train staff serve the meals but do not have to cook or wash up.

BR is spending £12m on modernising train kitchens. It says that by farming out more services, it can offer a wider

variety of meals than can be cooked on a train. Trusthouse has carried out the trials on the Manchester-London run, where menus have included venison, grouse, and pears in wine.

The service will be extended to London-Manchester and then other trains on a competitive tendering basis. On second-class, drinks and hat and cold snacks will be wheeled by trolley through the train, with a bistro-type restaurant also open for all passengers, as well as the usual buffet counter and first-class service.

On the more specifically business-oriented front BR has not geared itself up to providing the sort of services that they would find in their own offices, though access points for small personal computers could come in one day. The idea of secretaries on trains was tried in Germany, but dropped as passengers did not use them.

Putting even minimal office facilities on trains would require a major rebuilding of carriages, BR says. Sound-proofing and privacy would be essential, and the railway does not reckon that business travellers would use them, especially in view of the German experience.

But as with the hostesses on German trains, BR intends that its Pullman staff should be able to help travellers book hotels, order cars, and help out in other personal ways, which stop short of actually taking dictation and typing letters.

What it all adds up to is a greater bid by BR to earn money from its passengers. Business travel accounts for 37 per cent of the £540m annual revenues of InterCity, now charged with improving its finances. So BR is adopting more eagerly the basic business tools of research, marketing and promotion.



The InterCity Pullman lounge at London's King's Cross station and (below) travelling first class on a High Speed Train



Lunch on the German Federal Railways is in new air-conditioned carriages

Business services continue to expand

World Rail
ANDREW FISHER

FOR BUSINESSMEN around the world, trains are often the best way to travel for meetings with customers, contacts, or colleagues. If distances are too long or too short to make rail journeys practicable, cars or airlines are the obvious choices.

Conscious of growing competition, many national railways are trying to reconcile the aims of providing a service and at least trying, if rarely succeeding, to move into profit by stepping up standards of service and widening their range.

Thus Deutsche Bundesbahn (German Federal Railway) has developed a whole package of services for business travellers, including special parking facilities, personal service aboard trains, and tickets that enable companies to send staff anywhere on the route network for payment of a fixed sum.

In France, the sleek orange Trains a Grande Vitesse (TGV), with their aggressively pointed front sections, have come to typify the emphasis on speed, luxury, and service of SNCF, French Railways.

In the US, on the other hand, where the luxury Pullman car service was first developed, trains have tended to be less favoured by business people. Distances between cities are just too great and air travel is cheap and widespread.

Japan, another country with a strong rail tradition, has taken greater steps to keep its railways in the forefront of the travelling public's consciousness. Its anti-boredom bullet trains, slower than the more modern 168 mph TGV, race smoothly across the Japanese countryside.

But Japanese National Railways is grossly over-staffed and seeking desperately to reduce its hefty losses. Privatisation is

proposed. Business travellers, however, are not suffering. Standards of service on trains are high and punctuality is awesome.

On first-class cars between Tokyo and Osaka, two-storied carriages are being introduced for the ride. There are special rooms where groups can meet and each bullet train has two telephones, also a feature on fast trains in the UK, France and Germany.

SNCF is extending its TGV service towards the Atlantic coast, the original routes stretching between Paris and Lyon, with extensions further south. Recently, it introduced a new first class service, Le Nouvelle Premiere, to win back those who had switched to second class.

TGV success

The new express began between Strasbourg and Paris last December as a very up-market service to combat airlines, the effects of economic recession and the decline of its own first-class market. Since 1975, first-class rail travel in France has been on the decline after rising quickly in previous years.

Part of the problem has been SNCF's own success in tempting passengers on to second-class by raising the quality of the trains. The TGV also encouraged more people to travel second-class, as the cut in journey times made many people decide it was not worth paying extra for first class.

So the new service is seen as one way of recovering market share among high-paying business and other travellers. The trains have minicomputers to help alleviate boredom, as well as earphones and music tapes.

The emphasis in the restaurant and other services is on style and expense, and SNCF feels justified in offering

Le Nouvelle Premiere at a premium over normal first-class. SNCF will install telephones and has put in dictaphones for keener business travellers. Seats must be reserved and taxes are lined up for those needing them at their journey's end.

In Germany, the approach is rather different. The style and service is certainly there, but the practical side of business life is also taken into account. A few years ago, Deutsche Bundesbahn even offered secretarial services on its trains, but found these were hardly used. The idea was dropped.

DB has produced a special booklet to tell companies and businessmen about travel on its InterCity network. Special parking spaces are offered near station platforms. As with any self-respecting railway trying to please the business world, telephones are provided on board.

There are conference compartments for business meetings. Attendants help passengers with luggage, show them to their seats, and advise them on timetables and connections. Companies can buy special yearly season tickets, entitling any employee to travel anywhere at any time. It costs DM 11,520 (£3,570) for first-class and DM 7,680 for second.

Less pricey is a network season ticket for one person at DM 8,990 for first—and DM 5,990 for second. Blocks of tickets can also be bought by companies for use by anyone. These are for 10,000, 25,000, or 50,000 kilometres, the latter giving a 20 per cent discount on the regular fare. With these, several people can also travel at once.

Apart from the practical and financial aspects of rail travel, railway operators know that people like to be made to feel important, by their companies or those serving them on their travels. International railways are trying to do both.

LONDON TO NEW YORK

£000.00

LONDON TO MIAMI

£000.00

Virgin's fares have always been low, but this is ridiculous.

Free flights to New York and, from April 19th, Miami? There must be a catch. And there is. To get your free ticket, you first have to fly the same route in our renowned Upper Class.

You'll have to endure the limousine transfer to and from Gatwick, Newark/Miami* — or the complimentary helicopter shuttle to Manhattan.

You'll need to recline in a luxurious Sleeperseat, with an unequalled 55" seat-pitch or relax in the separate bar and lounge areas.

You'll have to quaff free champagne as you savour a superb four-course meal.

You'll watch our unbeatable choice of movies and videos and listen to eight-channel stereo on the latest electrostatic headphones.

And all you'll have to pay is £499* one-way for the trip (which, at £33 less than other airlines' Business Classes, is a classic example of getting more for less).

Once you've put up with this unexpurgated luxury, you really will get something for nothing. An absolutely free Economy voucher, for travel in the same direction as your Upper Class ticket.

You can use it for your next trip or take someone else.

Whoever uses it, they'll never cross the Atlantic for less.



We cut fares, not corners.
For information and reservations: 0293-38222. Credit Card Bookings: 01-938 3611. For information only phone 01-200 0200. Personal Bookings: Virgin Megastore, 14 Oxford Street, or Virgin Store, 9 Marble Arch, London W1 or Virgin Salesdesk, Gatwick. Or see your Travel Agent.

*Within a 40 mile radius of Gatwick/ Newark/ Miami. *Miami £599 after May 20th.

Business Travel 10



People who know fly only with the best

When the magazine *Flight International* surveyed representative world airlines in November 1985, it was Northwest Orient which emerged No 1 for operating efficiency. That isn't surprising. In 1986, we shall be celebrating 60 years of successful operation. And every year for the past 30 years we have made a profit—a record unequalled by any other Transatlantic airline. We've done all that by dedication to the highest ideals of service. That includes

giving the best standards of comfort, reliability and value to knowledgeable travellers in three continents and 17 countries. People who know, go Northwest Orient from Europe to the USA. For details of our 747 services from Copenhagen, Dublin, Frankfurt, Glasgow Prestwick, London Gatwick, Oslo, Shannon and Stockholm to Minneapolis/St Paul, Boston or New York, see your Travel Agent or contact us.

People who know...  **NORTHWEST ORIENT**

To... Anchorage • Atlanta • Billings • Cincinnati • Dallas • Denver • Detroit • Edmonton • Fargo • Ft. Lauderdale • Ft. Myers • Ft. Worth • Grand Forks • Grand Rapids • Grand Island • Helena • Indianapolis • Honolulu • Kansas City • Las Vegas • Los Angeles • Madison • Miami • Milwaukee • Minneapolis • Montreal • New York • Newark • Omaha • Orlando • Philadelphia • Phoenix • Portland • Rochester • St. Louis • St. Paul • St. Petersburg • San Diego • San Francisco • San Jose • Seattle • Spokane • Tacoma • Tampa • Tucson • Washington, DC • West Palm Beach • Winnipeg • Europe ... and the Far East

49 Albemarle Street, London W1X 3FE
Tel: (01) 629 5353 Telex: 266658
38 Renfield Street, Glasgow G2 1LU
Tel: (041) 226 4175 Telex: 777159
Manchester Tel: (061) 493 2471

FT

FINANCIAL TIMES CONFERENCES

The Prospects for

TOURISM

in Britain

22 & 23 April, 1986

Tourism is a vitally important industry in Britain but lacks an authoritative and independent forum for the discussion of strategy, for assessment of the changes that are necessary in such areas as legislation, tax and development planning and for examination of the investment aspects.

Mr Walter Goldsmith and Mr Kenneth Robinson will chair this major two day meeting which brings together a distinguished panel of speakers including:—

- Mr Duncan Bluck.... Professor Rik Medlik.....
- Mr Peter R Tyrie.... Mr John L Broome....
- Lord Montagu of Beaulieu... Mr Colin M Marshall...
- Mr David Trippier, MP... Mr Michael Herbert....

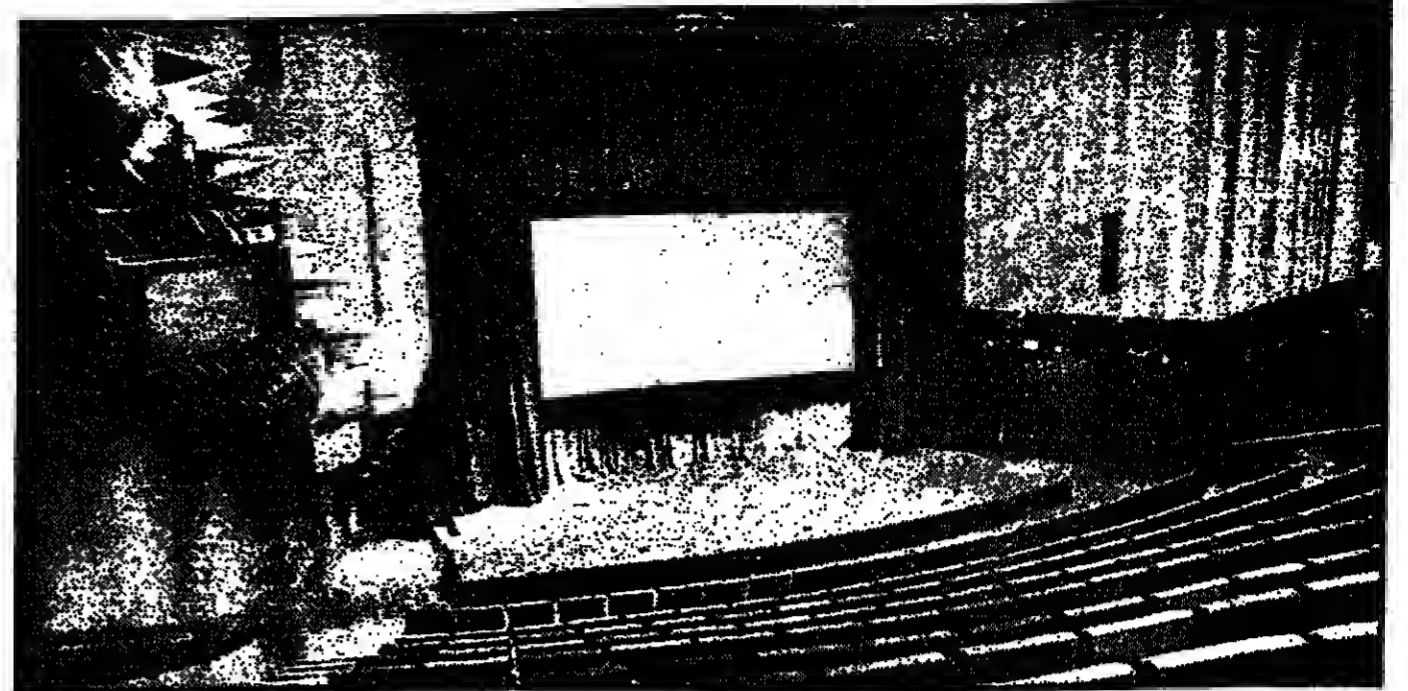
The Prospects for **TOURISM** in Britain

Please send me further details of "THE PROSPECTS FOR TOURISM IN BRITAIN" Conference

FT FINANCIAL TIMES CONFERENCES

To: Financial Times Conference Organisation
Minster House, Arthur Street, London EC4R 9AX
Tel: 01-621 1355 Telex: 27347 FTCONF G

Name _____
Position _____
Company _____
Address _____
Tel _____ Telex _____



London's Barbican Centre, where the Business Travel Conference and Exhibition starts on March 17 has a 280-seater cinema which contains the latest conference facilities

Success needs right ingredients

Conferences

WALTER ELLIS

DO-IT-YOURSELF conferences are like do-it-yourself convenancing. You can follow the rules step by step, and still find yourself hopelessly muddled at the end.

There is no doubt that it is possible to organise a conference without the services of a professional. The adage that the cobbler should stick to his last does not hold universally true. But the pitfalls faced by the amateur are many and the company director or marketing manager striding out on his own has to be fleet of foot to avoid them.

Conference organisers, in this context, should perhaps be viewed as estate agents. They take their fee and they may not always appear to have earned it. Yet the show is generally put on the road and, while the delegates are talking, someone is generally on hand to ensure that operations continue smoothly.

According to a recent survey carried out by Intermarket Research for Spectrum Communications, conference organisation is not a full time function in most companies in Britain. Only five out of 183 companies surveyed employed a manager with "conference" in his job title. In most cases, the responsibility was associated with sales and marketing, but every position in the industrial hierarchy was represented, from managing director to office secretary.

There was also an impression among staff—strange when it is realised that 40 per cent of UK companies run conferences—that the task of organising such meetings was a chore to be shared around rather than a career step.

For the company determined upon an in-house conference, the obvious first step is to put someone in charge, provide that person with reasonable backup and set aside an adequate budget. Clear direction is essential if muddle is to be avoided. The chairman or marketing manager, or whoever else has decided that a conference should be held, needs to decide first of all what the point of the conference is.

If the conference is being held

in order to provide the company's staff with information, then it has to be decided to whom this information needs to go. There is no point in providing blanket coverage. The advantage of keeping everyone informed can easily be negated by the effect of having to scatter facts around those who cannot readily make use of them.

Moreover, if the audience is not receptive by virtue of having only a loose involvement with the matter under discussion much valuable time can be wasted.

Visual aids

Secondly, it needs to be established early on who can provide the information. If outsiders are needed, they should be contacted early on and engaged. Backup, in the form of video equipment, charts, tables and projectors should be assured from the beginning. Again, if an outside contractor is needed to provide the visual aids, the job should be assigned at once and an immediate liaison established between the source of the information and the professionals who will display it.

If, on the other hand, the conference is being "given" by a company in order to promote a new technique or product, then it must be agreed where and who the market is for what is on offer. The scatter-gun approach is best avoided.

Research has shown that inviting people at considerable expense—who care little or nothing for the exercise, is

counter-productive in the extreme. A specialist audience of real potential customers is likely to prove much more effective than a gathering of the clans, anxious to get a glass in their hands.

Press invitations have also to be considered. The trade press is often helpful here. An invitation to the news editor of a popular tabloid to attend a product launch will almost certainly end up in his waste basket. Invitations must be targeted. It should be discovered, by means of a telephone call, who the relevant writer is.

The location for a conference or seminar is obviously crucial. A product launch must take place in surroundings which those invited to attend might reasonably be expected to find attractive. A downtown hotel is one possibility; so is a suburban venue with ample car-parking space.

Most important, though, are the facilities available. Here, a product launch differs from a full conference, and a three-day get-together from a two-hour meeting. If 100—or 500—people are expected to stay in one place for three days, thought must be given to how they are going to occupy themselves when they are not dealing with the main business in hand. Bedrooms have to be assured (overbooking is rife). Facilities have to be up and running.

Conference organisers exist to help companies avoid these complications. They may charge sometimes a hefty fee for the

privilege, but the extra cost is frequently worthwhile. The Association of Conference Executives (ACE) in Huntingdon is the main body representing the industry. It has 1,200 members in the UK and can recommend the organiser most suitable for a given conference in a given area.

The British Association of Conference Towns, with 30 members, is based in Tunbridge Wells and represents the increasingly competitive conference venue scene outside London.

Information

In London, information can be obtained from the London Visitor and Convention Bureau, part of the London Tourist Board. London is the world's busiest international conference venue. Those companies lacking experience of finding a suitable location in the capital would do well to avoid the summer months and should double-check that accommodation is assured.

A mini survey carried out by ACE lists the following ingredients for a successful conference:

- Strict timing, back-up alternatives, easy to find venue, sports facilities, close control, adequate advance warning, a specific subject, something worthwhile to say, knowing your delegates' personal whims, getting everything confirmed in writing, keeping to agreed times, unlimited patience and enthusiasm, satisfying the senses (sight, sound and taste) ... and a big smile.

Here are the mistakes to avoid:

- Failing to check details, inadequate briefing of hotel staff, not enough information for delegates, the assumption that hotel guides tell the truth, spreading the subject matter over too long a period, copying what others have done, lack of imagination, holding a conference on a boat in the dead of winter, dreary coach tours, low-grade hotels, exceeding the budget, too much free time, lack of equipment back-up, not telling participants what is expected of them, assuming that delegates read instructions, assuming that equipment has been checked ... and selecting a temperance hotel.

Conveyancing, I am told, is also easy.

Top conference cities

City	Total number of conferences	Type of conference	
		International	National with large attendance
Paris	252	138	114
London	235	149	86
Geneva	153	145	8
Brussels	145	113	32
Vienna	142	95	47
Singapore	77	27	50
Copenhagen	73	65	8
New York	65	62	3
Strasbourg	64	55	9
West Berlin	62	20	42
Tokyo	55	40	15
Hong Kong	52	24	28
Dublin	51	46	5
Dublin	49	24	25

Source: UIA/1983

A task for specialists

Insurance

ERIC SHORT

COMPANIES SENDING employees overseas on business have accepted the need to provide adequate insurance cover for those employees.

Employees overseas face a variety of risks—being taken ill or involved in an accident while overseas, loss of baggage and money, delays in transport from one place to another and so on. The risks are similar to those facing holidaymakers going abroad but the emphasis is totally different.

The insurance industry has designed business travel policies quite separate from holiday travel insurance and has by and large understood that separate arrangements are necessary.

Medical cover has two distinct aspects for business travel. The first relates to the employee who is taken ill or is involved in an accident.

The insurance needs to provide cover to meet the costs of medical bills, including the costs of air ambulance flights to the nearest suitable hospital or even back to the UK.

The event often will occur in remote places where the medical facilities in the immediate area are inadequate for a serious illness such as a heart condition. The nearest hospital that can handle the case may be hundreds of miles away.

The insurance cover must meet what can be high transport costs.

Next, the insurance should provide for the costs of flying

close relatives to the bedside of the stricken employee and cover accommodation costs for those relatives.

The employer also incurs costs when an employee is taken ill on an overseas trip. Often he will need to send another employee as a replacement as quickly as possible. The cover should meet the travel costs involved in such an event.

In respect of medical risks, insurance will cover the financial aspects, but employers expect much more from their insurance advisers, because the employee could be taken ill or involved in an accident in a remote spot.

Facilities are required that will assist the local medical services to diagnose the condition, especially the severity, to recommend where the appropriate treatment can be obtained and to arrange the transport.

For example, consider an employee struck down by a heart condition in a remote spot. The local medical facilities may need expert help in assessing the condition. Then assistance is needed to ascertain the nearest or most convenient hospital which can treat the condition. Finally, help is needed in getting to that place.

There are now several firms that specialise in providing precisely this sort of service. They have a worldwide network of doctors available on a 24-hour basis, records of hospital facilities and contacts with air ambulance services. In addition, they will have financial arrangements so medical bills can be

paid. A properly arranged business travel insurance contract will have arrangements with one or more of these specialist firms as part of the overall service.

The insurance cover will include loss of baggage by the employee. In addition to his personal belongings, there are two particular features that require special attention.

The first relates to business money that may be carried by the employee on his overseas business trips. The use of credit cards has cut down, but by no means eliminated, this risk, particularly for business in the remote areas.

Two forms

The second refers to equipment or samples the employee may be carrying, where loss could be financially serious.

This is a specialised insurance area and is usually treated separately when designing the insurance policy.

Normally there are two forms of arranging business travel insurance. The employer can take out a separate insurance policy each time he sends an employee on a business trip. Or he can arrange an annual travel policy which covers every overseas business trip made by employees during the year.

An individual policy would be taken out if overseas business trips by employees of a company are infrequent.

The premiums charged for business travel depend on the countries and locations visited by the employee.

The insurance costs for travel in European countries is much lower than in other parts of the world. Costs are higher for travel to North America because of the medical expenses in the US. Costs in remote parts of the world will be much higher due to the travel costs if the employee is taken ill or has an accident.

Policies taken out on an individual basis will tend to be standardised, depending on the period of travel, with a standard rate for Europe and another for North America.

Group policies will have the premiums originally costed on an estimated basis related to previous experience of travel patterns. These will be adjusted either annually or quarterly on actual experience. The company will have to make periodic declarations of business travel made by employees.

In arranging insurance, employers have to distinguish between short-term travel and short-term secondments. The dividing line at times can be blurred.

An employee on a business trip can spend a considerable length of time in one particular place, supplementing the employer's staff at that location. However, the insurers will expect employees to clearly distinguish between the two and make separate arrangements for the two different circumstances.

Renovation adds finishing touch

US Hotels
FRANK LIPSUS

THE renovation of the old Oak Hotel at 53rd Street and Seventh Avenue in New York, the Florida-based Continental Hotels group is dividing the property into 189 hotel rooms and 400 apartments. According to Mr. Robert E. Richter, who was recently hired as managing director of the hotel (which will reopen in the autumn), the project will allow frequent New York visitors to buy a pied-a-terre with full hotel facilities.

Besides being an investment in New York real estate at a cost of \$125,000 to \$300,000, the company gives visitors a place to call their own "rather than always living out of a suitcase," Mr. Richter says.

Rebuilding the old Oak, with its grand marble lobby and balcony, is part of a new concern to gain distinction through renovation rather than building new. Costs can exceed starting over and certainly surpass original estimates, as occurred with the Barclay in New York.

Among other projects, the Regent International group is spending \$27m to renovate the recently purchased Beverly Hills Hotel in Beverly Hills, while the ornate Willard Hotel in Washington, unoccupied since 1980, is being renovated at a cost of \$108m.

Aesthetics aside, renovations benefit from special tax breaks including 15 per cent credits for work on buildings at least 30 years old and 20 per cent credits in the first year for landmark buildings.

The high cost of property and renovation is also an incentive for hotel groups to spread their risk by taking in partners, whether individual owners or real estate investors. Hotel companies look increasingly to sell property and run the hotels with management contracts that remove the uncertainty inherent in volatile property values and renovation costs.

Tax breaks by no means fully explain the lure of the past. The Four Seasons hotel group's new properties, it also serves afternoon tea, a popular anachronism that fits the poli-

cies of many new restaurants equally taken with the search for the past.

Ehbetts Bar and Grille near the Willard Hotel in Washington lost its original site to redevelopment and moved to a new building where it recreated a more elegant old look than it had before.

In New York, Pierre Cardin has opened a Maxim's where 1893 prevails in everything but price. A well-known suburban Philadelphia restaurant, Di-Lallo's, moved downtown with the same intention of using brass, black velvet and elegant flower arrangements to transport diners into a calmer, more refined and

The attraction of serving the high end of the market traditionally comes from having customers more concerned with service than price. It is a market that the Four Seasons maintains with amenities like 24-hour room service, twice-daily maid service, terry-cloth dressing gowns, jogging routes from the hotel and in recent hotels, health clubs with pools.

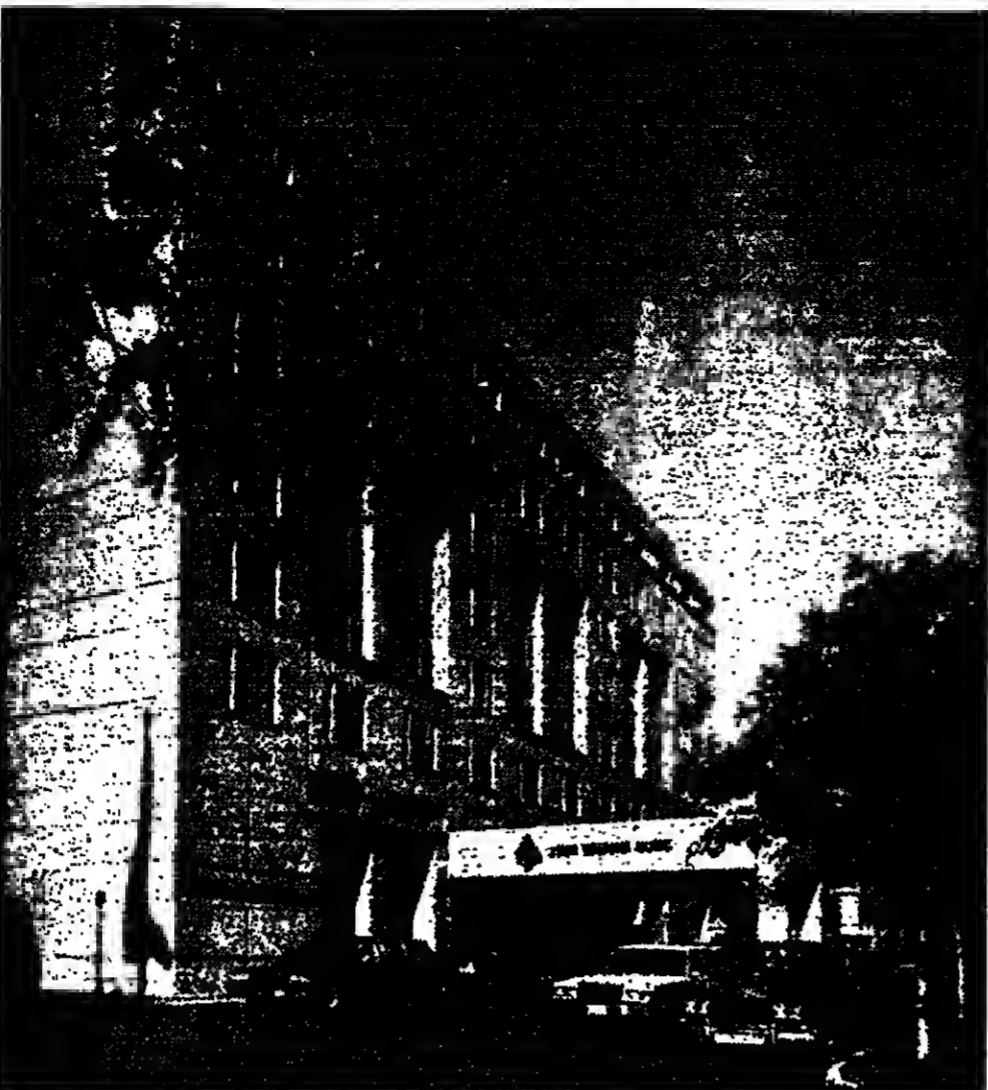
Four Seasons, which includes the inn on the Park in London combines luxury with informality, a niche that has sparked a quarter century of success and expansion to 19 hotels in North America and Europe.

Four Seasons charges 20 per cent higher rates than competition in the luxury market. Other companies are undercutting prices by providing luxury service with cost-conscious rates. Now differentiation at the high end of the travel market includes hiring cost considerations to deluxe services.

According to Mr Tom Gaskill, Prism Management Company president, his Compro hotels have found a "niche that is not served" by a format meant to bring down the cost of the high end of the market. Building new hotels with 200 or fewer rooms, the Compro keeps construction costs to \$65 a room compared to prevailing rates of \$90 to \$100 a room.

With these savings the group provides 400-square-foot suites like other expensive hotels as well as a Compro Club that serves complimentary breakfast and complimentary evening cocktail parties for guests.

The Compro hotels also have meeting rooms that accommodate 100 people to encourage group bookings for rooms that cost \$65 to \$70 a night where the competition would cost \$80 to \$100 a night. Starting outside Chicago at the Compro Woodfield, the group hopes to move



The lure of the past: The new Four Seasons Hotel in Philadelphia, part of the hotel group which puts antiques and original art in new properties

next to St Paul and build six to ten new hotels in the next two years.

Air travel is also becoming cost conscious. First-class fares, once an airline's guarantee of better margins for travellers with no concern for price, have been reduced by cut-rate carriers. The standard carriers feel the pressure to follow suit, now that first-class has dwindled to less than 5 per cent of travellers, compared to 10 per cent in pre-discount days.

Although still accounting for 10 per cent of airline revenues, the erosion in the number of travellers has prompted United Airlines to match the discounted first-class fares of

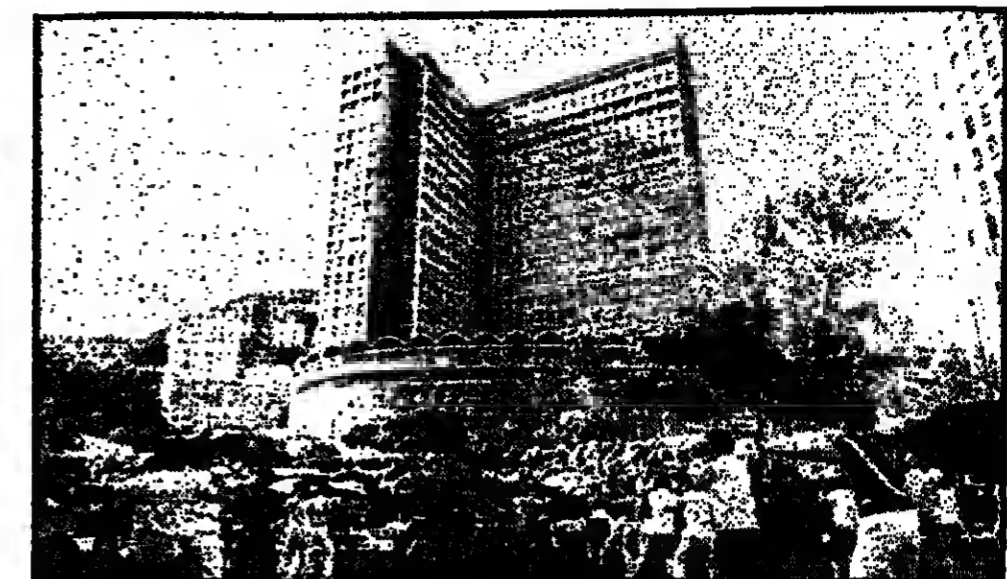
Continental Airlines on competitive routes, bringing down the Denver-Boston first-class fare, for instance, from \$559 to \$325.

As Continental noted, "It used to be that first-class passengers didn't have the foggiest idea what a ticket cost. But that's only partly true nowadays."

Lower oil prices have a direct impact on business travel, reducing costs of transport. A slowdown in wage rises also affects heavily service-orientated industries like hotels and restaurants. Such cost reductions are being passed on to consumers as either price cuts in high-end goods and services or more value for money where prices remain high.

In many ways, the changes look like a return to another era, not only in decorations and antiques, but also in type of service available. Residential hotels recall the past, having started in the age of the grand hotels like the Pierre and Waldorf-Astoria, which still have permanent residents. In reviving the idea, hotels demonstrate their search for particular demands to satisfy all segments of the travel business.

In creating special niches, the travel industry reflects greater prosperity among travellers who want more choices. Deregulation and sustained growth give travel businesses the opportunity to supply clients' particular needs in all travel segments.



Early morning exercises—the Chinese way—in front of the Hilton in Hong Kong

Hong Kong still top

Incentives
MOSS MURRAY

THE INCENTIVE travel business in Britain was worth £145m in 1985 and, according to a recent survey, is now used by one-third of the country's top 1,000 companies.

In the US several multinational groups have budgets in excess of \$1m dedicated solely to motivating their sales executives, to encouraging customers to keep their business where it is, and to winning new accounts.

In continental Europe, the industry is still feeling its way, but in Britain this year it has come of age with the formation of the Incentive Travel Association. Membership is open to all companies, or divisions of companies, deriving the greater part of their income from the design, implementation and management of incentive travel programmes.

Hong Kong remains probably the number one destination, but Barbados is catching up fast. Last February 45 Toyota dealers from the UK flew out of Britain's freeze-up, via Concorde, to the balmy climate and beaches of the island. Their incentive award winning holiday was spent at Heywoods, Hotel, Barbados newest leisure complex with 300 rooms, on the north west of the island close to Spigitown.

For many companies UK destinations remain attractive. A UK firm last year took 20 top salesmen and their wives to the Ritz Hotel in London and rounded off the weekend with a trip to Covent Garden and a present of diamonds.

Stratford and Bath are popular destinations, but it is north of the border at Glenageary, among the hills of Fingus, to which many incentive groups head. Within the hotel's buildings and in the 631 acres of grounds, there is everything for work and play. Conference rooms have every kind of lighting and projection equipment and close by are four championship golf courses, a leisure centre, tennis, swimming, clay pigeon shooting, horse riding, a golf driving range plus food and accommodation that is 5-star plus.

Stratford and Bath are popular destinations, but it is north of the border at Glenageary, among the hills of Fingus, to which many incentive groups head. Within the hotel's buildings and in the 631 acres of grounds, there is everything for work and play. Conference rooms have every kind of lighting and projection equipment and close by are four championship golf courses, a leisure centre, tennis, swimming, clay pigeon shooting, horse riding, a golf driving range plus food and accommodation that is 5-star plus.

"Our incentives undoubtedly pay big dividends. They encourage those dealers responsible for tractor sales to maintain high standards in their showrooms, and those who sell our parts to bring in more orders," Mr Bill Fildes, the company's service co-ordinator says.

Timesharing has also proved a popular incentive travel prize. One of the first to enter this field was Rank Xerox which offered salesmen the chance to win three weeks each year in perpetuity at a villa in Spain.

Peugeot also spent £100,000 on villas and apartments in the same village and saw sales to UK agents shoot up "far beyond expectations."

Ford also makes extensive use of incentive travel. Within its tractor operations in Europe incentives are used to encourage dealers to maintain a high penetration of world-wide markets. The company believes the motivation provided by the schemes has been a prime mover in both maintaining sales, and winning new customers.

Those who reach their goals are the incentive winners. The competition is planned so that the smallest firms can compete on equal terms with the largest companies. Representatives responsible for selling parts are given sales targets.

Timesharing has also proved a popular incentive travel prize. One of the first to enter this field was Rank Xerox which offered salesmen the chance to win three weeks each year in perpetuity at a villa in Spain.

Peugeot also spent £100,000 on villas and apartments in the same village and saw sales to UK agents shoot up "far beyond expectations."

AIR CANADA

AIR CANADA HAVE JUST WON THE PRESTIGIOUS AIR TRANSPORT WORLD PASSENGER SERVICE AWARD FOR 1985. IN THE PROCESS THEY HAVE BEATEN THE FOLLOWING AIRLINES.

AERONAVES OEL CENTRO - AERONICA - AEROPERLAN
 AIR SERVICES - AEROPERLAS - AEROPERU - AERO VIRGIN
 ISLANDS - AIGLE AZUR - AIR AFRIQUE - AIR ALBATROSS - AIR
 ALGERIE - AIR ALMA - AIR ANOORA - AIR ATLANTA - AIR ATOMADEE
 AIR B.C. - AIRBORNE EXPRESS - AIRBORNE DF SWEDEN - AIR BOT-
 SWANA - AIR BRIGOE CARRIERS - AIR BURKINA - AIR BURUNDI - AIR-
 BUSINESS APS/ALHAIR - AIR BVI - AIR CAL - AIR CALEDONIE - AIR CALE-
 DONIE INTERNACIONAL - AIR CAPE - AIR CARIBE INTERNATIONAL - AIR
 COMORES - AIR CORTEZ INTERNATIONAL - AIR CREBEC - AIR DJIBOUTI - AIR ECOSSE
 AIR EUROPE - AIR EXPRESS INTERNATIONAL AIRLINES - AIR FRANCE - AIR GABON - AIR
 WEST - AIR MOLDAVIA - TROPIC AIRLINES - AIR MONCOU - AIR NAUROI - AIR NEVADA - AIR NEW
 ORLEANS - AIR NEW SOUTH WALES - AIR NEW ZEALAND - AIR NIAGARA - AIR NIGER - AIR NIJINGI - AIR NORTH
 AIR ONTARIO - AIR PACIFIC AIRLINES - AIR PACIFIC - AIR PANAMA INTERNACIONAL - AIR POLYNESIE - AIR QUEENSLAND
 AIR RAROTONGA - AIR ST. PIERRE - AIR SEDONA - AIR SENEGAL - AIR SEYDELLES - AIR SINAI - AIR SOUTH - AIR
 SUNSHINE - AIR TAHITI - AIR TANZANIA CORPORATION - AIR TCHAD - AIR TODAY - AIR UGANDA - AIR UN - AIR
 VANUATU - AIR VIRGINIA - AIRWAY EXPRESS - AIR WEST AIRLINES - AIRWEST INTERNATIONAL - AIR WITTSBUNDAY - AIR
 WISCONSIN - AIR ZAIRE - AIR ZIMBABWE - ALASKA AIRLINES - ALASKA ISLAND AIR - ALIA - ALIGULIA - ALISAROA
 ALITALIA - ALLEGHENY AIRLINES - ALM - ALOHA AIRLINES - ALPHA AIR - ALPINE AVIATION - ALTUS AIRLINES - ALYEMOA DEMO-
 CRATIC YEMEN AIRLINES - AMA AIR EXPRESS - AMERICAN AIRLINES - AMERICAN CENTRAL AIRLINES - AMERICA WESY AIRLINES
 ANDES AIRLINES - ANSETT AIRLINES DF AUSTRALIA - ANSETT W.A. - APOLLO AIRWAYS - AQUATIC AIRWAYS - AQUILA AIR - ARCTIC
 CIRCLE AIR - ARIANA AFGAN AIRLINES - ARKIA ISRAELI AIRLINES - ARMSTRONG AIR SERVICE - ARROW AIR - A/S NORVING - ASPEN AIR-
 WAYS - AT-AERO TRASPORTI ITALIANI - ATLANTIC CULP AIRLINES - ATLANTIC SOUTHEAST AIRLINES - ATLANTIS AIRLINES - AUOI AIR - AUGUSTA
 AIRWAYS - AURIGNY AIR SERVICES - AUSTIN AIRWAYS - AUSTRAL (LINES AEREA) - AUSTRIAN AIRLINES - AUSTRIAN AIR SERVICES - AVENSA
 AVIAC - AVIANCA - AVIATECA - AVIATION SERVICES - AVIATOR - BANAMASAIR - BAKHTAR AFGAN AIRLINES - BALKAN BULGARIAN AIRLINES - BALKAIR
 BAR BARBOR AIRLINES - B.A.S. AIRLINES - BEARSIN LAKA AIR SERVICE - BELL-AIR - BEMIOJI AIRLINES - BEST AIRLINES - BIG SKY AIRLINES - BIMAN
 BANGLADESH AIRLINES - BIRMINGHAM EXECUTIVE AIRWAYS - BOUGAIR - BRAATHENS S.A.F.E. AIRTRANSPORT - BRANIFF - BRENNAN AND NARGREAYES
 BRIT AIR - BRITANNIA AIRWAYS - BRITISH AIR FERRIES - BRITISH AIRWAYS - BRITISH CALEDONIAN AIRWAYS - BRITISH CARIBBEAN AIRWAYS - BRITISH MIDLAND
 AIRWAYS - BRIT AIRWAYS - BROCKWAY AIR - BROWN AIR SERVICES - BRYMON AIRWAYS - BURMA AIRWAYS CORPORATION - BURNARD AIR - BUSINESS EXPRESS
 BWA INTERNATIONAL TRINIDAD AND TOBAGO AIRWAYS CORP - CAC - CACABA - CANTON AIRLINES - CALM AIR INTERNATIONAL - CAMEROON AIRLINES - CAPE
 SMYTH AIR SERVICE - CAPITOL AIR SERVICE - CARIBBEAN AIRWAYS - CASCADE AIRWAYS - CATHAY PACIFIC AIRWAYS - CATHAY AIRWAYS - CAYMAN AIRWAYS
 CENTENNIAL AIRLINES - CHAL'S INTERNATIONAL AIRLINE - CHALLENGE AIR TRANSPORT - CHANNEL EXPRESS (AIR SERVICES) - CNAPARRAL AIRLINES - CNAUTAUQUA
 AIRLINES - CHINA AIRLINES - CNISUM FLYING SERVICE OF ALASKA - CNRISTMAN AIR SYSTEM - CIMBER AIR - CITY EXPRESS - CLEARWATER FLYING SERVICE - COASTAL AIR
 TRANSPORT - COLOAN AIRWAYS - COMAIR - COMMAND AIRWAYS - COMMERCIAL AIRWAYS - COMMODORE AVIATION - COMMUTER EXPRESS - COMPAGNIE AERIENNE DU
 LANGUEDOC - COMPANIA DE AVIACION FACETT - CONTINENTAL AIRLINES - COON ISLAND AIR - COPA - CORAL AIR - CP AIR - CRESCENT HELICOPTERS - CROSSAIR
 CROWN AIR/DORADO WINES - CROWN AIRWAYS - CRUZEIRO DO SUL - CSA - CUBANA - CUMBERLAND AIRLINES - CYPRUS AIRWAYS - CYPRUS TURKISH AIRLINES - DANAIR - DAN-AR
 SERVICES - DELTA AIR - DELTA AIR LINES - DESERT SUN AIRLINES - DIRECT AIR - DIRECTAIR - DLY - DEUTSCHE LV. - DOMINAIR - DOMINICANA DE AVIACION - DOMINICANA INTERNACIONAL
 AIRLINES - DOUGLAS AIRWAYS - EAGLE AIR - EAGLE AIRWAYS - EAST COAST AIRLINES - EASTERN AIR LINES - EASTERN PROVINCIAL AIRWAYS - EAST NAMPTON AIR
 EAST-WEST AIRLINES - EQUATORIANA - EGYPTAIR - EL AL ISRAEL AIRLINES - EXEC EXPRESS - FAR EASTERN AIR TRANSPORT CORPORATION - FAST AIR CARRIER - FUJI AIR SERVICES - FINNAIR
 EUROFLITE - EUROPE AERO-SERVICE - EVERGREEN INTERNATIONAL AIRLINES - EXEC EXPRESS - FAR EASTERN AIR TRANSPORT CORPORATION - FAST AIR CARRIER - FUJI AIR SERVICES - FINNAIR
 FINNAVIAVIDI - FIRSI AIR - FISCHER BROS. AVIATION - FLIDT LINE - FLORIDA EXPRESS - FLUGDIENST PEGASUS - FLUGFELAG AUSTRALANDS - FLUGFELAG NORURLANDS - FLYING TIGER LINE - FORT
 WORTH AIRLINES - 40-MILE AIR - FREEDOM AIR - FRONTIER AIRLINES - GALAXY AIRLINES - GARUDA INDONESIA AIRWAYS - GB AIR - GEHNIK MAUI AIRLINES - GEORGIAN BAY AIRWAYS - GAMA AIRWAYS CORP - GAMA AIRWAYS
 ORATION - GOLDBER AIR - GOLDEN PACIFIC AIRLINES - GRAND CANYON AIRLINES - GREAT LAKES AVIATION - GREN HILLS AVIATION - GRENLANOSFLY - GUERNSEY AIRLINES - GULF AIR - GULL AIR - GUYANA
 AIRWAYS CORPORATION - HATTI AIR - HANG KHONG YETNAM - HARBOR AIRLINES - NAROL'S AIR SERVICE - HARVEST AVIATION - HAYASHI AIRLINES - HAWAIIAN AIRLINES - HAZELTON AIR SERVICES - NELI AIR
 MONACO - HELL-FRANCE - HENBERY AVIATION - HENSON AVIATION - HERMAHS AIR - HOLIDAY AIRLINES - HOLIDAY EXPRESS - HOLLAND AERO LINES - NORRIDDN AIRLINES - ISBERIA - ICELANDAIR - IMPERIAL AIRLINES
 INDIAN AIRLINES - INDIAN WELLS AIRLINE - INEX ADRIA AIRWAYS - INTERFLUG - IPEC AVIATION - IRANAIR - IRAQI AIRWAY - JAL - JAMANNIRYA LIBYAN ARAB AIRLINES - JAPAN ASIA AIRWAYS - JAY - JERSEY EUROPEAN
 AIRWAYS - JETAIRE AIRLINES - JET AMERICA AIRLINES - JETSTREAM INTERNATIONAL AIRLINES - JET 24 INTERNATIONAL AIRWAYS - KARAIR - KENDALL AIRLINES - KENN BOREK AIR - KENYA AIRWAYS - KEYSYONE AIR SERVICE
 NITTY HAWK AIRWAYS - KOREAN AIR - NUWAIT AIRWAYS CORPORATION - L.A.B. FLYING SERVICE - LAB - LAC-LINEAS AEREAS DEL CARIBE - LACSA - LADE - LADECO - LAKE UNION AIR SERVICE - LAM-LINHAS AEREAS DE
 MOCAMBIQUE - LANCE AVIATION - LAN-CHILE - LAO AVIATION - LAP - LAS VEGAS AIRLINES - LAY - LESOTHO AIRWAYS - LETABA AIRWAYS - LIAY - LIBYAN ARAB AIRLINES - LINA CONGO - LINDAS AEREAS DA GUINE-BISSAU - LINJETLYG
 LOGANAIR - LONDON EUROPEAN AIRWAYS - LDNG ISLAND AIRLINES - LOT - POLISH AIRLINES - LUFTHANSA GERMAN AIRLINES - MACKNIGHTY AIRLINES - MAERSK AIR - MAGNUM AIRLINES - MALAYSIA AIR CHARTER - MALAYSIAN
 AIRLINE SYSTEM BERHAD - MALDIVES AIRWAYS - MALEV - MALL AIRWAYS - MANOMLA AIRLINES - MAMMOUTH AIR SHUTTLE - MANX AIRLINES - MARGATE AIR - MARSAIR - MAUI AIRLINES - MAYA AIRWAYS - MEA - MERPATI HUSANTARA
 AIRLINES - MESA AIR SHUTTLE - MESABA AIRLINES - METRO AIRLINES - METRO AIRWAYS BOHNSHEIT - METRO AIRWAYS BOHNSHEIT - METRO AIRWAYS BOHNSHEIT - METROFLIGHT AIRLINES - METROPOLITAN AIRWAYS - MEXICANA - MICHIGAN AIRWAYS - MID PACIFIC
 VALLEY AIRLINES - MUSE AIR CORPORATION - NAMAQUAN LUUGOENS - HAMIB AIR - NETHERLANDS - NEW ENGLAND AIRLINES - NEWMAS AIRWAYS - NEW YORK AIR - NEW YORK HELICOPTER CORPORATION - NIGERIA AIRWAYS - NIHON
 KINVAORT AIRWAYS - NIPPON CARGO AIRLINES - HLM - OUTCUN AIRLINES - NORCANAIR - HORAIR - HORDOLK AIRLINES - NORDAIR - NDRSK FLYTJENESTE - NORTHEASTERN INTERNATIONAL AIRWAYS - NORTHERN AIRWAYS - NORTH PACIFIC
 AIRLINES - NORTHWEST ORIENT AIRLINES - NORTHWEST TERRITORIAL AIRWAYS - NUERNBERGER FLUGDIENST INTRO - NYG-AERO - OLY - OSTFRIESISCHE LUFTRANSPORT - OLYMPIC AIRWAYS - OMAN AVIATION SERVICES COMPANY - DPAL AIR
 OREBRO AIR - OXLEY AIRLINES - DZARK AIR LINES - PACIFIC AIR EXPRESS - PACIFIC COAST AIRLINES - PACIFIC SOUTHWEST AIRLINES - PACIFIC WESTERN AIRLINES - PAKISTAN INTERNATIONAL AIRLINES - PAN AMERICAN WORLD AIRWAYS - PANORAMA
 AIRLINES - PIDNEER AIRLINES - PLUNA - POCONO AIRLINES - PDLYNESIAN AIRLINES - PRIDE AIR - PRIME AIR - PRINAIR - PRINCEVILLE AIRWAYS - PRO AIR SERVICES - P.T. MANOALA AIRLINES - QANTAS AIRWAYS - QUEBECAIR - RANSOME
 AIRLINES - REEVE ALUTIAN AIRWAYS - REEVES AIR - REGENT AIR - REPUBLIC AIRLINES - RESORT AIR - REUHIO AIR SERVICE - RFG-REGIONALFLUG - RIA - RIO AIRWAYS - RIO-SUL - ROCKY MOUNTAIN AIRWAYS - ROLAND AIR - ROSSAIR - ROYAL AIR INTER - ROYAL AIR
 MAROC - ROYAL BRUNEI AIRLINES - ROYALE AIRLINES - ROYAL HAWAIIAN AIR SERVICE - ROYAL NEPAL AIRLINES CORPORATION - ROYAL SWAZI NATIONAL AIRWAYS CORPORATION - RYAN AIR - SABENA - SABER AVIATION - SAETA-SOCIEDAD ECUATORIANA DE TRANS-
 PORTES AEREOS - SAFE AIR - SANSa - SAM - GANDA AIRLINES - SAN - SAN JUAN AIRLINES - SANSa - SAS - SAs - SAUA - SCENIC AIRLINES - SCIBER-AIRLIFT - SEAR ALASKA AIRLINES - SEAPLANE SHUTTLE TRANSPORT - SIERRA EXECUTIVE AVIATION - SIERRA LEONE
 AIRLINES - SIERRA YISTA AVIATION - SIMMONS AIRLINES - SINGAPORE AIRLINES - SINGLETON AIR SERVICE - SKYWAY COMMUTER - SKYWAYS OF SCANDINAVIA - SKY WEST AIRLINES - SKY WEST AVIATION - SMB-SCODIA MARSHALL BOONVILLE STAGE LINE - SOLOMDH
 ISLANDS AIRWAYS - SUDAN AIRLINES - SUDAN AFRICAN AIRWAYS - SOUTH BURNETT AVIATION - SOUTH CENTRAL AIR - SOUTHERN AIR - SOUTHERN EXPRESS - SOUTHERN JERSEY AIRWAYS - SOUTH PACIFIC ISLAND AIRWAYS - SOUTHWEST AIRLINES - SPACECRANO - SUBURBAN
 AIRLINES - SUDAN AIRLINES - SUDAN AIRLINES - SUNAIR - SUN AIR LINES - SUNBIRD AIRLINES - SUNBIRD AVIATION - SUNBIRD - SUNFLOWER AIRLINES - SUNSTATE AIRLINES - SUNWORLD INTERNATIONAL AIRWAYS - SURINAM AIRWAYS
 SWEDAIR - SWISSAIR - SYDNEO BE-GE - SYRIAN ARAB AIRLINES - TAAG-ANGOLA AIRLINES - TACA INTERNATIONAL AIRLINES - TALAIR - TAME - TAMPARA AIRLINES - TAN - TAP AIR PORTUGAL - TAROM - TAT-EXPORT - YAT-TRANSPORT AERIEN TRANSREGIONAL - TEMSCO AIRLINES - TENNESSEE
 SWEDAIR - SYDNEO BE-GE - SYRIAN ARAB AIRLINES - TAAG-ANGOLA AIRLINES - TACA INTERNATIONAL AIRLINES - TALAIR - TAME - TAMPARA AIRLINES - TAN - TAP AIR PORTUGAL - TAROM - TAT-EXPORT - YAT-TRANSPORT AERIEN TRANSREGIONAL - TEMSCO AIRLINES - TENNESSEE

Longer range will mean faster services

Airliners of the future

MICHAEL DONNE

BETWEEN NOW and the end of this century, several new types of airliner are likely to be introduced to meet the inexorable growth of world air travel.

Estimates by the International Civil Aviation Organisation (the aviation agency of the UN) show that last year, no fewer than 892m passengers travelled on the scheduled domestic and international air services of the airlines of its 156 member-countries, or about 6 per cent more than in 1984.

If the non-scheduled and charter travellers (more difficult to quantify) are added to the total, it is estimated that well over 1bn passengers travelled by air last year.

For the years immediately ahead, the average annual rate of growth of world air passenger traffic is expected to be somewhere between four and six per cent, although the precise rate will vary widely from region to region.

On the assumption that the growth rate will be about five per cent a year, however, the annual total of world air travellers will double by the mid to late 1990s.

To meet this demand, the

world's major airliner manufacturers are already developing a new generation of airliners, and are planning further new ventures beyond that. Boeing, the world's biggest builder of jet airliners, has forecast that between now and the end of the century, the total demand for new jet airliners of all kinds will amount to about \$347bn, of which air travel growth will account for about \$173bn of new aircraft orders, and the remaining \$174bn will be accounted for by replacement of ageing, inefficient jet airliners.

Boeing puts an estimate of about 6,000 airliners on this cash figure, of which it expects that about 4,000 will be ordered over the next decade alone, mostly in the short-to-medium range market, where the bulk of the world's air travellers fly.

Looking ahead to the different types of new aircraft, there are likely to be rather more of them than was originally expected. At the long-range end of the scale, Boeing, in addition to offering the latest version of the Jumbo jet, the Series 400 that will make it possible for airlines to fly non-stop between Tokyo, Hong Kong and Singapore and London and other West European cities, will offer some time in the mid-to-late 1990s yet another version of the Jumbo, the Series 500, that will have even longer range and improved fuel economy, based on the use of the revolutionary "prop-fan" type of engine now under study by most of the

world's major engine manufacturers.

It is this "prop-fan" engine that promises to revolutionise short-to-medium range air transport over the next ten years. It is based on the well-understood principle of "turbo-propeller" power — that is, the harnessing of propellers to gas-turbine engines, instead of using the hot gas exhaust of the gas-turbine engine to provide direct propulsive thrust.

Improved engine

The difference in the "prop-fan" concept is that not only is the hot "core" of the gas-turbine engine itself much improved, but also that the design of the propellers themselves is improved substantially. They are shaped more like scimitars or even ships' screws than the conventional propellers as understood today, with up to eight blades on each of two counter-rotating hubs.

The effect of this combination, it is claimed, will produce an engine that is up to 40 per cent more fuel-efficient than today's generation of turbo-fan (jet) engines, and up to 25 per cent more fuel-efficient than the forthcoming new generation of turbo-fan engines such as the international V-2500 engine now under development.

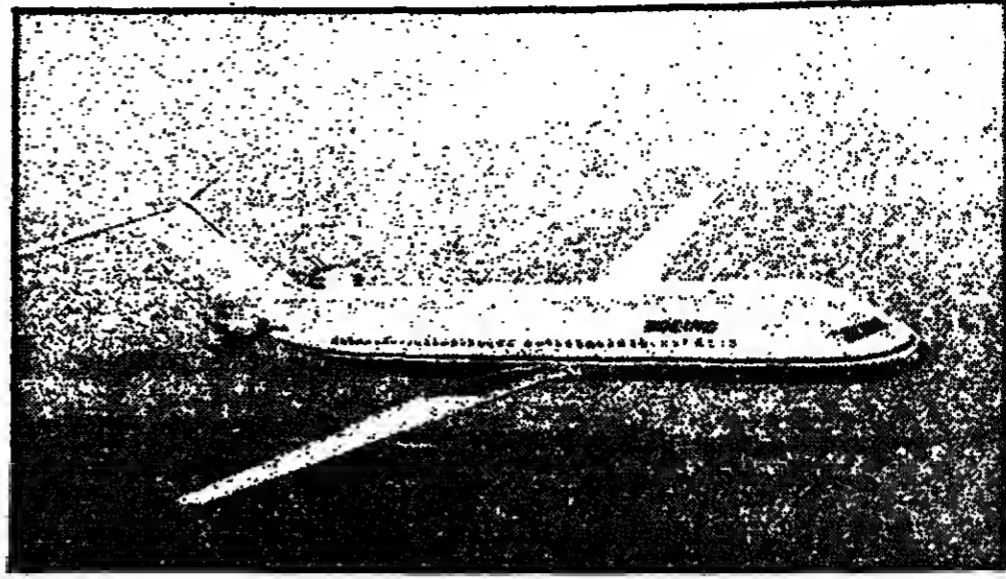
At the same time, it is believed that the new prop-fans will be quieter, more vibration free and less susceptible to pollution than jet engines.

Whether these claims will be justified in practice remains to be seen. But two of the world's major jet manufacturers, Boeing and McDonnell Douglas, are to undertake flight test programmes with the new engines, designed to determine whether these engines will be suitable for incorporation into new airliner designs for airline service in the early 1990s.

Boeing will start this summer with a flight-test programme using a General Electric (US) prop-fan, which that company calls an "Unducted Fan" or UDF, and Boeing calls an "Ultra High By-Pass Ratio" (or UHBR) engine — both are effectively the same thing, a prop-fan.

Boeing will put the GE engine onto a Boeing 727 tri-jet flying-test bed. If the results prove satisfactory, and GE can continue with the development of the engine on time, and to the satisfaction of Boeing in such vital areas as cost, noise, fuel consumption and low vibration, Boeing will incorporate that engine on a new short-to-medium range airliner design, the 7J7, that it is now designing for offer to the airlines for service from 1992.

A little later, McDonnell Douglas, in 1987, will undertake first with the GE prop-fan, and later with a prop-fan engine devised by the US Allison Division of General Motors, installed on an MD-80 series short-to-medium range jet airliner. If that flight-test pro-



An artist's impression of the Boeing 7J7 prop-fan twin-engine 150-seat airliner, now under development for service from 1992. This venture, which Boeing is undertaking with the Japanese aerospace industry, is likely to provide fierce competition for the European Airbus A-320 twin-engine 150-seater, powered by conventional turbo-fan (jet) engines (although of advanced technology), which is expected to enter service earlier, in 1988-89.

gramme is satisfactory, McDonnell Douglas will consider installing either the GE or the Allison prop-fans on its later MD-80 series airliners. When a recent order was announced by Delta Air Lines of the US for one of those airliners with conventional turbo-fan jet engines, called the MD-88, it was stated that both McDonnell Douglas and Delta intended to retrofit the aircraft with prop-fans if the flight test programme was satisfactory.

The difference between the

two programmes lies in the different concepts of prop-fan engine employed. The GE programme is based on a "gearless" engine, whilst the Allison venture employs a gearbox.

The technical arguments between the two prop-fan concepts are complex but broadly the "geared" school of thought (to which Rolls-Royce of the UK and Pratt and Whitney of the US are adherents) is that it offers a simpler solution to prop-fans

than the "gearless" system. The flight tests of the two different systems should provide some solutions to this argument. But whatever happens, it seems clear that prop-fans are on the way, and are likely to dominate the short-to-medium range airliner market in the mid to late 1990s. Even if the development of these new engines is delayed because of technical difficulties, so that they cannot enter service in the early 1990s as both Boeing and McDonnell Douglas hope, they will certainly come by the mid-1990s, and inevitably by the latter half of the next decade. With their sharp reductions in fuel costs, they should result in cheaper flights.

At least one major manufacturer does not accept that prop-fans will emerge quite as quickly as its competitors think.

150-seater

Airbus Industrie, the European airliner manufacturing group, while accepting that prop-fans will emerge some time in the 1990s, is proceeding with conventional turbo-fan (jet) power for its own next generation of airliners, the 150-seat short-to-medium range A-320 airliner, now under development for service in 1988-89.

Furthermore, it has also so far eschewed the idea of prop-fan power for its further ventures, the 230-seat A-330 range airliner, and the 250-seat A-340 long-range four-engine airliner, both designed for airline service in the early to mid-1990s. For the A-330, the manufacturer will use either the Pratt & Whitney PW-4000 or General Electric CF6-80C2, while for the A-340 it will use either the V-2500 or the US-France (General Electric

Snecma) CFM-56-5 engine. Plans to develop these two new airliners are now being finalised, and firm launch commitments are expected later this year. British Aerospace, which has a 20 per cent stake in Airbus, is seeking to participate in both the A-330 and A-340 ventures, building the common wing for both aircraft, with a £500m launching aid contribution from the UK Government.

Yet another new aircraft that could emerge in the near future for service in the 1990s is the McDonnell Douglas MD-11, effectively a replacement for the long-range tri-jet DC-10, and a possible rival for the Airbus A-340 four-engine long-range jet. As with the new Airbuses, no final launch commitment has yet been taken on the MD-11, but it could come this year, if sufficient new orders justify taking the decision to commit the necessary development finance.

The coming year, therefore, could well be critical one in the aerospace manufacturing industry, with several new airliner ventures being committed for service in the 1990s and beyond.

The combined total investment in all these ventures, the prop-fans by Boeing, McDonnell Douglas, General Electric and Allison, and the turbo-fan powered aircraft by Airbus, Pratt and Whitney, CFM International and International Aero Engines, could amount to as much as \$8bn to \$10bn, including the airframes, engines and equipment.

The size of the investment indicates the manufacturers' confidence that world air travel will continue to grow strongly during the remaining years of this century, despite possibly cyclical variations in economic activity.

Pampering the executive

CONTINUED FROM PAGE 1

says, "American Express, by acting as an agent, can not only pass on cost savings resulting from our own purchasing power but also help to manage the complete travel budget."

Mintel carried out a special survey of travel managers in UK companies and found that some six out of every companies surveyed had a written travel policy. The survey also revealed that the majority of companies handled hotel and car hire bookings in-house but only one in 10 similarly handled airline bookings.

Virtually all companies used a travel agency to some extent and these were chosen because "it offered the best service."

What are the prospects for the industry in the rest of the 80s and beyond? There are both positive factors, such as de-regulation of airline routes in Europe, and other factors — the growth of instantaneous cheap global communications — which will help shape the market's growth in the years to come.

De-regulation in the US of airline routes resulted in widespread changes in the structure of the industry and much attention being paid to the business traveller. De-regulation in Europe has been — and is likely to continue to be — a slow business with emphasis on getting fares down rather than wooing the executive flying on business.

New technology will undoubtedly tend to play an important part in stimulating business travel since it can help to reduce the costs and improve performance from hotels, airlines, and other operators.

But the real threat comes from developments such as meetings and conferences linked together by television networks which obviously can be a cheaper and quicker way of bringing executives together. As the technology improves, so this must become a realistic option for many companies on some occasions.

Yet, in spite of the advantages of this type of link-up, many businessmen are likely still to prefer the reality of human contact to the illusion of being somewhere else without actually travelling. The airlines, hotels, and the remainder of the business travel industry can rest easy that executive travel will remain a permanent feature of the travel trade for many years to come.

Business visits abroad by UK residents

(Main destination by percentage)

	1981	1982	1983	1984
France	15	16	16	17
West Germany	12	12	13	15
Irish Republic	10	10	10	9
Netherlands	8	9	9	9
USA	9	9	8	8
Belgium	7	7	6	6
Italy	6	6	6	5
Spain	3	3	3	3
Switzerland	3	4	4	4
Sweden	2	2	2	2
Middle East	2	2	2	2
Norway	2	2	2	2
Denmark	1	1	1	1
Africa—North	1	1	1	1
—South	1	1	1	1
—Rest	1	1	1	1
Eastern Europe	1	1	1	1
Portugal	1	1	1	1
Austria	1	1	1	1
Canada	1	1	1	1
Greece	1	1	1	1
Japan	1	1	1	1
Gib./Malta/Cyprus	1	1	1	1
Finland	1	1	1	1
Others	4	5	5	4
	100	100	100	100

* Less than 0.5%. Source: International Passenger Survey/Mintel.

HOURS FASTER



(THEIR SLOWER)

Our new one-stop flight Down Under is the fastest way ever to get to Sydney. Leaving London Heathrow every Wednesday, Friday and Sunday at 14:00, the afternoon departure means you fly 'overnight' arriving in Sydney at 20:50 — in good time to check into your hotel for a good night's sleep. For further details, see your travel agent.

